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PARLIAMENTARY SESSION, 1925

Special Committee appointed to consider the Resolution to give the Government of Canada control over certain ocean rates

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[and Reports]

Proceedings of the Committee

[Vol. 2]

No. 16—Thursday, May 14, 1925

to No. 29 - June 11, 1925.

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COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee

Messrs. George H. Montgomery, K.C., E.P. Flintoft, C. Russell McKenzie, for the steamship companies

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. W. T. R. Preston, Ottawa, Ont., Gentleman (*Continued*)

Mr. John W. Alexander, Organ Manufacturer, Bowmanville, Ont.

Mr. William J. McLean, Traffic Manager, Massey-Harris Co. Ltd., Toronto, Ont.

Mr. William R. Caldwell, Traffic Manager, Canadian Canners, Limited, Hamilton, Ont.

Mr. John R. Middleton, Chief Accountant, Furness-Withy, Ltd., London, England (*Concluded*).

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1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
COMMITTEE ROOM, No 277,
THURSDAY, May 14, 1925.

The Committee met at 3.30 o'clock p.m. the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Duff, Sir Eugéne Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork—15. (All Members present).

Mr. William T. R. Preston who was again in attendance, was further examined and retired.

On motion of Sir Henry Drayton, seconded by Sir Eugène Fiset,

Agreed, That Mr. J. W. Alexander, Bowmanville, Ont., be hear as a witness.

The Clerk was instructed to advise Hon. T. A. Low, Minister of Trade and Commerce, that certain letters which had passed between him and Mr. Preston were regarded by Mr. Preston as being private and confidential but that Mr. Preston had no objection to the letters being produced before the Committee if Mr. Low agreed.

The Committee adjourned at 6.10 o'clock p.m. to meet again at 8.30 o'clock p.m. this day.

The Committee reassembled at 8.30 o'clock p.m. the Chairman, Mr. McMaster, presiding, and with all Members of the Committee present.

Mr. John W. Alexander Organ, manufacturer, Bowmanville, Ont., who was in attendance in obedience to summons was called, sworn, examined and was discharged from further attendance.

During the course of his examination the witness filed Exhibit No. 71, "Comparative Freight costs on Musical Instruments" which was read into evidence.

Mr. William McLean, Traffic Manager, Massey-Harris Co., Ltd., Toronto, Ont., who was in attendance in obedience to summons, was called, sworn and examined.

During the course of Mr. McLean's examination the room was cleared and the hearing of evidence conducted *in camera,* after which the witness was discharged from further attendance.

Mr. William R. Caldwell, Traffic Manager, Canadian Canners, Limited, Hamilton, Ont., who was in attendance in obedience to summons, was called, sworn and examined *in camera.*

The Committee resumed its public sitting and the witness was further examined and was discharged from further attendance.

Mr. John R. Middleton, Chief Accountant, Furness-Withy, Limited, London, England, who was again in attendance, was further examined and retired.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,
HOUSE OF COMMONS,
THURSDAY, May 14, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 3.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have our quorum, so the Committee will please come to order.

Mr. MONTGOMERY, K.C.: I would like to finish questioning Mr. Preston.

Mr. SYMINGTON, K.C.: Will you be long, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: I do not think so.

Mr. SYMINGTON, K.C.: All I would like to say is there are several people here from out of town who are very anxious to get away. Mr. Preston is here all the time, but my learned friend says he will not be long, and if not, probably we can get through with the witnesses to-night, but if he is to be very long, I would ask to have the out-of-town witnesses called.

Mr. DUFF: Make it short and snappy.

Mr. MONTGOMERY, K.C.: All right, I will. There would be a disadvantage in calling them to-night. I had not expected them to be examined to-day, and I am not prepared.

The CHAIRMAN: We will proceed with Mr. Preston, with the concurrence of the Committee.

Mr. DUFF: On the understanding that it will be short and snappy.

Mr. MONTGOMERY, K.C.: All right; we will cut out everything that may provoke an argument, and only hit the high spots.

WILLIAM THOMAS ROCHESTER PRESTON recalled.

By Mr. Montgomery, K.C.:

Q. Mr. Preston, will you turn to page 13 of your report, or the bottom of page 12, "How supply and demand works". You say, "The argument is unanswerable if the principle suggested is allowed to operate in the usual way, but when it is artificially operated by the withdrawal of ships from ports where there is likely to be an active demand, and when this withdrawal is effected by those most directly interested, having the power to create a less supply than the demand requires, the argument loses its power". Will you give us any particulars you may have of instances where this has occurred?—A. I had something here—

The CHAIRMAN: Mr. Montgomery, I do not want to unduly interfere, but is that not really a question of argument and reasoning?

Mr. MONTGOMERY, K.C.: I think it is, and if he tells me it is only an argument, I am content.

The WITNESS: I have some information on the question, but I cannot lay my hands on it at the moment, but I will get it and let you have it.

2546—1½

By Mr. Montgomery, K.C.:

Q. That is another piece of information you are not able to give the Committee?—A. No, it is not a piece of information.

Mr. MONTGOMERY, K.C.: For the information of the Committee, I would like to say that, following Mr. Preston's evidence of the day before yesterday, Mr. Bosworth cabled to Sir George Maclaren Brown, "Preston, in giving evidence—"

Mr. SYMINGTON, K.C.: Just a minute. I do not know what this is, whether it is a contradiction or explanation or anything else, but surely we are not going to have a cable, even though it may be from Sir George Brown, accepted here.

Mr. MONTGOMERY, K.C.: I will put it to the witness, if you like.

By Mr. Montgomery, K.C.:

Q. Mr. Preston, since you gave your evidence the day before yesterday a cablegram was sent to Sir George Maclaren Brown, reading, "Preston in giving evidence states you had detective following him around London. Is that correct—"—A. I believe it is correct—

Q. Just a minute.—to which a reply was received reading: "Referring to your cablegram thirteenth Preston's statement absolutely incorrect and fantastic. I did not have him followed anywhere at any time. Why should I?"—A. Will you produce the telegram he sent to Vienna to have me watched there, which I heard read in the presence of five people? What is the use of your talking all that sort of stuff?

Q. You told us that long before you went to Vienna you got rid of that C.P.R. detective?—A. Yes, I did, in London—undoubtedly.

Q. Now, to come back to your report again, omitting the first paragraph on page 13, and taking the second and third ones, "Discrimination against British Traders" coupled with the following paragraph "Officially authenticated facts"?—A. Yes.

Q. You refer there to the lower rates in favour of certain Continental ports as compared to the United Kingdom?—A. Yes.

Q. Now, you have been present and heard the evidence as to the cause of this thing, and I do not wish to argue the point with you, but after having heard that evidence, do you still persist in the charge of deliberate disloyalty to the British Empire on the parts of Peers, Baronets and Knights?—A. I do.

Q. Do you not think that remark is a little "catty"?—A. Not in the slightest degree too strong. The figures I am giving you are from absolute knowledge.

Q. It is not a question of figures; it is a charge of intense and deliberate disloyalty on the part of these gentlemen to the British Empire—those whom you style as Peers, Baronets and Knights?—A. Yes.

Q. And that is the story in which you persist before this Committee to-day in the face of the evidence that has been given—

Mr. SYMINGTON, K.C.: Where is there anything about "disloyalty?" This says "British Traders"—

Mr. MONTGOMERY, K.C.: Please, Mr. Symington: he has assented to it.

Mr. SYMINGTON, K.C.: Not to disloyalty; he has assented to discrimination.

Mr. MONTGOMERY, K.C.: I am afraid perhaps we have lost the thread of the question—

The CHAIRMAN: As I understood it, the question was "Do you persist in your animadversion concerning these Peers, Baronets and Knights?"

By Mr. Montgomery, K.C.:

Q. Mr. Preston, read that paragraph again— —A. If my figures are correct—

Q. Just a moment, please. Read that paragraph again. Do you not think you wrote that paragraph late at night, and forgot to look it over the next morning?

Mr. SYMINGTON, K.C.: Mr. Preston is a teetotaler.

Mr. DUFF: That is the reason; no milk of human kindness.

The WITNESS: (Reading):

> "The suggestion that British Steamship Lines, controlled by Peers, Baronets and Knights of the British Empire carry freight from foreign ports to any part of the world at a lower figure than they are willing to carry identical freight from British ports would be absurd, unless official evidence that cannot be contradicted is available to prove the absolute truth of the suggestion. I have in my possession documents establishing this fact. In this connection, the following schedule of freight rates may not be uninteresting"—

Mr. MONTGOMERY, K.C.: Never mind, we do not want you to read the whole report.

The WITNESS: If my figures are correct, and Baronets, Peers and Knights, interested in companies, are carrying goods, say, from Germany to the world at one-half and one-third less than they will carry British manufactured goods, I say you cannot make any language too strong—and my figures are correct.

By Mr. Montgomery, K.C.:

Q. And that is to be read with the phrase used in the preceding paragraph, "The peculiar anti-British influence which apparently dominates the policy of this powerful organization?"—A. Anti-British influence against the manufacturers and labouring interests of the country.

Q. I will ask you again if you do not think that phrase was a little "catty"?—A. Not the slightest; I will repeat it anywhere—

Q. You say that after— —A. And I am asked to repeat it a good long distance from here.

Q. And you say that after what would apparently be a plausible explanation as to why that state of affairs existed?—A. I have not heard any, to me, "plausible explanation."

By Mr. Duff:

Q. Are Peers, Baronets and Knights any more loyal than any other people?—A. None whatever.

Q. Then why did you pick them out? Why select them?—A. Because they are at the head of these companies.

Q. Just because they have the titles? There are other shareholders besides Peers, Baronets and Knights?

By Mr. Montgomery, K.C.:

Q. Did it ever strike you, Mr. Preston, that these gentlemen, whether they be Peers, Baronets or Knights, or otherwise, are bringing foodstuffs, or raw materials to the United Kingdom?—A. To the United Kingdom?

Q. Yes?—A. Of course they are, but others who are not Peers, Baronets and Knights are carrying it also.

Q. That is their principal cargoes, in a general way?—A. I should imagine so, but they are not carrying them for nothing.

Q. We will leave aside for the moment any pro-British feeling of which they might reasonably be guilty, would not they, from a purely selfish motive, be interested in maintaining outward cargoes?—A. One would imagine so, but I have heard prominent labour people say that if they got anything like the same rates they get from the Continent, there would be 500,000 less unemployed in England.

Q. Make your answers as short as possbile, please, Mr. Preston. From that point of view alone, would they not be interested in maintaining the standard of British manufacturers against their foreign competitors?—A. One is surprised why they are not.

Q. Then, would it not be—to use an expression which you employ frequently throughout your report, a "fair presumption" that they were actuated by some such motive?—A. One would imagine so, but it is not so, at all.

Q. Before concluding that they would be both disloyal in their actions and motives, and apparently acting against their own interests, did you not look for some more charitable explanation of that fact, before making the charge?—A. I surveyed the ground very carefully.

Q. Very carefully?—A. Yes.

Q. And you were not influenced at all by the fact of the competing Continental lines having made a lower rate?—A. I have no confidence in this German scare.

Q. No confidence in it?—A. No.

Q. And the question of port charges and so on had no import to you?—A. Oh, it would have, of course.

Q. The question of a lower standard of living and a lower rate of wages throughout, would have no influence with you?—A. There is no lower standard of living on the Continent than in Great Britain, my dear sir.

Q. Then let us put it on the basis of a lower rate of wages?—A. I do not know there is even a lower rate of wages.

Q. The depreciation of the currency?—A. They have the currency pretty nearly on the right basis, have they not? The gold Rentenbank mark—

Q. I thought this report was prepared some months ago?—A. I think the gold Rentenbank mark was in existence when that report was written.

The CHAIRMAN: As the rate of currency goes down, prices rise; one more or less keeps step with the other.

Sir HENRY DRAYTON: I think they are extraordinarily out of step.

The CHAIRMAN: Mr. Montgomery, we must not go too far afield.

By Mr. Montgomery, K.C.:

Q. This table of rates, on which you rely for your statements and on the following page, page 14, where is that obtained from? What is the source of your information?—A. The source of my information is the schedule of tariffs.

Q. What tariffs?—A. The tariffs from the Continental and British ports.

Mr. SYMINGTON, K.C.: On page 14?

Mr. MONTGOMERY, K.C.: Yes.

By Mr. Montgomery, K.C.:

Q. You are sure you are speaking of page 14?—A. I beg your pardon. Oh!, page 14. I got that from the office of the President of the Board of Trade.

Q. You got that from the President of the Board of Trade?—A. Yes, that is from the official, from one of the officials of the Board of Trade for the High Commissioner's Office, and it was sent to the High Commissioner at my request.

Q. It was sent to the High Commissioner at your request?—A. Yes.

Q. And you were given full information as to commodities and so on I suppose?—A. I think the information is all here. No, not as to commodities.

Q. Well, would it not be rather interesting to have the commodities?—A. I think, in discussing the matter with the official—it is their own statement, it is not mine—they were dealing with the trade. The schedule, just as it is there is as it was received at the office.

Q. You know there are many considerations affecting rates? You give the rates but you fail to give commodities to which they are applicable. You must have had the names of the commodities at the time you were given the rates?——A. I had nothing but what is here, no commodities that I am aware of. I think this is taken actually from the complaint in order to get it into typewriting form.

Q. Were you not interested in following up to see what the commodities were?—A. I had no other way of following the matter than by the schedules they gave me.

Q. Did you investigate the question as to whether the services were direct or indirect to and from these several ports?—A. No, nothing at all. The question had been up in the House of Commons, if you will pardon me, that you might know just what occurred; the question had been up in the House of Commons and had been replied to some months previously, and having seen that in the newspapers, with the permission of the High Commissioner, I approached the Department of Trade to see if I could get particulars of the item brought up for reference in the House and asked at the same time if they would mind letting me have any others that they might have, with the result that I was given these figures. At the same time the whole Canadian situation, from the standpoint of the combine and the rates, under which we believed we were suffering, was up for discussion.

Q. I am sure no official return was ever made in the House of Commons which gave a rate and did not give the commodity to which it was being applied.—A. I have no recollection of the commodity being referred to.

Q. So you are not enabled to tell us what the commodities are to which those special rates are applicable?—A. No, I am not.

Q. Nor can you tell us whether the services were in each case direct?—A. I presume the Department has made the necessary inquiry.

By the Chairman:

Q. Do you know?—A. No.

By Mr. Montgomery, K.C.:

Q. Do you know anything as to the probability of cargo both ways, as to these parts?—A. I do not know anything about it except what you see there.

Q. You did not investigate that in any way, shape or manner?—A. No, only from the Department.

Q. You have based your conclusions given on the previous page as to the peculiar anti-British influence upon these figures but you have not investigated further?—A. No.

Q. And nothing more?—A. No.

Q. Let us take the next table, on page 15. Can you at least, tell us to and from which ports these rates are applicable?—A. You want to know where I got the information?

Q. You merely mention on the one side British ports and on the other side, Continental ports, without telling us whether they are eastbound or westbound, or whether out of Antwerp or Hamburg.—A. The Continental port was Hamburg, and I do not know of the two British ports. Of that I will not be certain.

Q. The Continental port was Hamburg?—A. Yes.

Q. You cannot tell us which British port it was?—A. I could not.

The CHAIRMAN: We had evidence to show that London was very considerably higher than Liverpool.

Mr. SYMINGTON, K.C.: The rate from London to Canada is the same as from Liverpool to Canada.

Mr. MONTGOMERY, K.C.: The witness has not confined his remarks to the Canadian trade.

By Mr. Montgomery, K.C.:

Q. This table of yours has no application to the Canadian trade?

By the Chairman:

Q. Has it any application to the Canadian trade?—A. I could not tell you at the moment.

By Mr. Montgomery, K.C.:

Q. You do not know whether this table really has any application to the Canadian trade or not?—A. I would not venture an assertion on it at the moment.

Q. Can you tell us whether the tariffs given are eastbound or westbound or outward or inward?—A. These are westbound.

Q. You are sure of that?—A. Quite sure of that.

Q. Now, you take up the question of general policy of preferential trade within the Empire following that, do you not, Mr. Preston? It is on the same table?—A. Yes.

Q. And I would gather from your remarks in reference to the consummation so devoutly to be wished for, that you have that very much at heart?—A. Preferential tariffs? I have no opinion to express on preferential tariffs.

Q. I am merely adopting your language, Mr. Preston, in that report, where you have the lines doing everything that can possibly be done to prevent the consummation so devoutly wished for by those in authority?—A. I quote the Right Honourable Stanley Baldwin's speech.

Q. So the indictment is that the lines are doing something to prevent the consummation so devoutly wished for by the Right Honourable Mr. Baldwin and not by Mr. Preston? That is the idea?—A. No, I quote his speech. A great many in authority are in favour of preferential trade and in my report I make some reference to the Dominions Royal Commission.

Q. I was just wondering how much importance you attach to the subject yourself?—A. That is a political question.

Q. I want to ask you that question because I see you touch upon it in one of your newspaper interviews. I might ask you if you are correctly cited when you say:—

> "There is one important thing I notice to-day in the cable news. It intimates that Petersen will not get the £600,000 subsidy which he was entitled to simply because he proposed to enter into competition with the combine. If that's the case, it's the first body blow to Imperial preference and I am right ready to join with those who will end the farce of this so-called preference for good and all times."

A. If that sort of thing goes on.

Q. I was just wondering whether your advocacy of British preferential trade is small or your advocacy of our good friend, Sir William Petersen, was large, that led you to that conclusion?—A. I do not understand the question.

Q. I see. You recognize that, do you not?—A. Yes, I will not say as to the exact words.

Q. Them was your sentiments?—A. Them was my sentiments, yes.

Q. Just to assist us a little bit in checking your report, on the same page, 15, you quote certain rates or refer to freight rates, Canadian exports, as being two or three times greater than the combine rate between Great Britain and United States ports. As your report reads that would seem to indicate that you are comparing the eastbound rate in the Canadian case to the westbound rate in the American case. Would you like to make any correction in your report?—A. No, I do not want to.

Q. You think that is a fair comparison?—A. Yes I do. Quite a fair comparison.

Q. And you would base your conclusion upon a comparison of that nature?—A. Partly.

Q. Now, let us just touch for a second on the organ men, page 17.

Mr. SYMINGTON, K.C.: He is here and he is the next witness.

By Mr. Montgomery, K.C.:

Q. My learned friend tells me he is in the room, so I assume there will at least be no hesitation on your part in divulging his name?—A. No hesitation on my part in divulging every name from whom I got this information for these items you have been discussing.

Q. Does that refer to your evidence of the other night, when you seemed to have such a degree of hesitation?—A. I only decline to divulge the name of men who were getting information for me as to whether members of the combine were likely to stay in, nothing else, notwithstanding the lies published in the newspapers about it; nothing to do with the combine.

Q. We are back at the organ man.

Mr. SYMINGTON, K.C.: Both play the organ.

By Mr. Montgomery, K.C.:

Q. What organ company is it?—A. J. W. Alexander Company. He is present.

Q. What is the name of the company?—A. Bowmanville Organ Company or is it the Dominion? He is here himself, anxious to give evidence and get back.

Q. His complaint seems to be two-fold; first, that the rates now are very much higher than they were before the war, and, second, "that the rate added to the price we must get for our instruments brings it up to the price of what they can purchase a cheap piano for in England." That is the gist of the letter.—A. The letter speaks for itself. Anybody can understand it. I do not know anything further about it than is in the letter.

Q. Perhaps, as the gentleman is here, I will reserve the questions I intended to ask you for him, when he comes. Then the following page refers to freight rate on farm implements?

Mr. SYMINGTON, K.C.: He also is here.

Mr. MONTGOMERY, K.C.: Is that gentleman likewise here.

Mr. SYMINGTON, K.C.: Yes.

By Mr. Montgomery, K.C.:

Q. Do I gather your only source of authority for that information is the gentleman present, who is ready to give evidence?—A. I do not not know to whom Mr. Symington refers.

Mr. SYMINGTON, K.C.: I am referring to Mr. Maclean.

The WITNESS: No, that is not the source of this information.

By Mr. Montgomery, K.C.:

Q. Because if it is I will save time by not asking you questions on this? —A. No, that is not the source.

Q. Do you happen to know who the principal competitor of the manufacturers of agricultural implements in Canada is? What country is the principal competitor?—A. Well, two. I suppose the two large ones are Massey-Harris and the International.

By the Chairman:

Q. What country competes with Canada?—A. The United States, I presume.

By Mr. Montgomery, K.C.:

Q. There can be no doubt about that?—A. I really do not know, to be frank.

Q. Did you give any attention to that subject at all?—A. I did not.

Q. You know that Canada and the United States, particularly the United States, are the largest manufacturers of agricultural implements in the world? —A. That is my impression but I have not statistics or knowledge of the actual facts.

Q. That they are exporting to all countries of the world?

Mr. Symington, K.C.: The Massey-Harris man is here, I might let my learned friend know.

By Mr. Montgomery, K.C.:

Q. That they are exporting to all countries in the world?

By the Chairman:

Q. Is it to your knowledge that the United States are exporting to all the countries of the world?—A. Exporting what?

Q. Agricultural implements?—A. It is not.

By Mr. Montgomery, K.C.:

Q. You deny the assertion?—A. I do not know it. I do not deny it.

Q. You do not know much about the basic conditions surrounding this agricultural implement business. I do not want to ask you about anything you do not know. It is only that you have incorporated this information in your report. I want to know whether you do know anything about it, and if so what you know, and I will confine my cross examination to that.—A. I cannot understand your question.

Q. I see. Then you cannot tell me what you know about this subject of freight rates on farm implements?—A. Just what is in the schedule here.

Q. Do you see any advantage or disadvantage, in view of the fact that the United States is our largest competitor, in the production of farm implements, in having a parity of rates between the two countries?—A. I could not tell you anything about that; I don't know anything about the business, Mr. Montgomery.

Q. If that agreement as to a parity of rates were removed, would you not be afraid of the large manufacturers in the United States taking the market away from our manufacturers?—A. I could not tell you what effect it would have.

Q. With their very much larger production, and obtaining very much more favourable terms on their export business?—A. I could not tell you.

Mr. Symington, K.C.: Surely my friend should know that the Massey-Harris Company are the biggest manufacturers of agricultural implements in the world.

The CHAIRMAN: Mr. Preston says he knows nothing about the business, Mr. Montgomery so why continue the cross-examination along that line?

Mr. MONTGOMERY, K.C.: I was finished before my learned friend put in his remarks as to the Massey-Harris Company.

Mr. SHAW: Mr. Chairman, when a person has no personal knowledge in connection with matters of fact, any information he might give us is, I should think, secondhand, and if that is true the best thing we can do is to get it from the people who really do know.

The WITNESS: This information has all come to me, Mr. Shaw, from other parties interested in the business or businesses.

By Mr. Montgomery, K.C.:

Q. Let us take your next schedule, Mr. Preston, which is headed "A Convincing Schedule." It is on page 19. To go back for one moment to the schedule we had under discussion, on page 15,—I beg your pardon, to the question of the organ man, page 17, I notice on pages 14 and 15 that you mention among the articles which are standard exports to the United Kingdom, and you will take note of the term, both musical instruments and pianos; is that correct?—A. If they are here, they were in the schedule rates, and that is all I know.

Q. Proceeding that schedule of rates you say:

"In the list in my possession is shown between twenty and thirty of the standard exports of the United Kingdom,—"

Were they selected because they were standard?—A. Yes, and pianos and musical instruments are there.

Q. Apparently the trouble is in attempting to export instruments from a country which is itself a standard exporter?—A. I don't know, I am sure. I do not know why it should not take place.

Q. We will leave that to the musicians themselves. Coming to your Convincing Schedule on page 19, you have no doubt seen that issue was taken by the Liners in their reply to your Convincing Schedule and the rates you have mentioned?—A. I have noticed that they have discussed it.

Q. If you will turn to page 24 of the Liners' reply, you will see that they take categorically the commodities and give what they claim to be the rates in comparison with yours, do they not?—A. They presume to.

Q. Have you checked to see which is the more accurate?—A. No, I have not. I will give you the source of my information, and you can settle it with them.

Q. I did not mean that?—A. I will give you the source of my information, which I regard as reliable if you desire it.

By the Chairman:

Q. What was the source of your information?—A. The Canadian Manufacturers' Association.

Q. Of Toronto?—A. Yes, sir.

The CHAIRMAN: He says so in his Report.

By Mr. Montgomery, K.C.:

Q. I thought you were going to add something other than what is in your report; you have that right in the report itself; have you anything further you wish to add about that, as regards the schedule?—A. No, nothing further.

Q. If it is a fact that the rates are as corrected in the Reply, you would appear to have been misled into quite serious exaggerations, would you not?

The CHAIRMAN: In fairness to the witness, Mr. Montgomery, has any proof been given of these schedules?

Mr. MONTGOMERY, K.C.: I understand not, Mr. Chairman.

The CHAIRMAN: What is the use then of asking him a hypothetical question? Either the rates he got from the Canadian Manufacturers' Association are right, or the rates in the Reply are right. It seems to me to be unfair to the Committee and to be taking up an undue amount of time, putting hypothetical questions, when the facts are before us.

Mr. MONTGOMERY, K.C.: I am trying to get a few exact facts, Mr. Chairman.

By Mr. Montgomery, K.C.:

Q. Coming to the next question, I would like a few exact facts in regard to that, Mr. Preston; this correspondence from exporters, I assume you have now the exact facts in regard to those letters?—A. They are all from files in the Department, and if anything is not filled in here I will get it.

Q. The first thing that struck me was that up to this time you have pretty consistently given dates, but I find here quite a series without dates. I suppose you can give us those dates?—A. I will get the dates of all of them.

Q. I think you will agree with me that the complaint made by the manufacturer in say 1919, 1920 or 1921, might be of very little interest to us, under the conditions that exist to-day?—A. I will give you the dates.

Q. But you would agree with that, in view of the decreases in the tariffs of rates which have been put in evidence since you have been here?—A. That might have some effect.

Q. If you were using a very old letter as a basis for your December 31st, 1924 Report, you would take steps to verify whether all the conditions complained of still existed?—A. I just give the correspondence as it is there.

Q. But it is designed to have a certain effect upon public opinion in the country, as to existing conditions. Did you take any steps to find out whether they had been corrected, if any complaint existed?—A. No. I took the complaints as they were there and put them in the report.

Q. And without investigating any further, to see whether they were well founded or not?—A. I took them as they were there.

Q. You are here to give evidence in regard to any part of your report?—A. Yes.

Q. You have heard sufficient warnings that we would want particular allegations in regard to these matters. Have you not taken the trouble to look up these letters?—A. I am prepared to give you the dates. They are on the files of the Department of Trade and Commerce, of October, 1919; one is William Kane & Sons, of Newmarket, Ontario.

Q. On page 19, under the heading "Correspondence from Exporters" I find this:—

> "From other sources the following complaints are made:—"

Then follows the first letter.

> "It therefore appears to us that it is useless to further entertain inquiries from Great Britain on this line, or to encourage importers over there to send us inquiries as long as the ocean freight rate remains at its present exorbitant level."

That is October, 1919?—A. October, 1919.

Q. You would of course know that the ships had just been returned, when they were on a war schedule?—A. Yes; I knew that.

Q. Would you think that it was fair to indict any body of men, whether shipowners or otherwise, upon evidence taken under 1919 conditions?—A. Not upon that alone.

Q. But do you think it fair, without drawing attention to the fact that it related to bygone days and other conditions?—A. I think it is quite fair to put it in there.

Q. That is your answer, is it?—A. Yes.

Hon. Mr. STEVENS: What line does he refer to?

By Mr. Montgomery, K.C.:

Q. Will you answer Mr. Stevens' suggestion; what commodity do you refer to there?—A. Something in woodenware.

The CHAIRMAN: Are they the pencil people in Newmarket?

Sir HENRY DRAYTON: I don't think so.

The WITNESS: Wood ware, I think, of some kind.

By Mr. Montgomery, K.C.:

Q. Let me suggest for your information, Mr. Preston, that it was wash boards?

Mr. SYMINGTON, K.C.: Well, wash boards are wooden ware.

Mr. MONTGOMERY, K.C.: Some are made otherwise.

By Mr. Montgomery, K.C.:

Q. To get down to something more particular, it was wash boards which were the subject of the complaint; do you remember that, Mr. Preston?—A. Now that you speak of it, I know it is wood ware, but I could not tell you just what it is.

Q. Do you know what the rate was, the current tariff, in October, 1919, upon wash boards?—A. No, I do not, at the moment.

Q. You took no steps to find out?

The CHAIRMAN: May I suggest to the witness that he should listen carefully to the question before starting with his answer.

By Mr. Montgomery, K.C.:

Q. Before convicting the shipowners upon this particular evidence, did you take any steps to ascertain whether those distressing conditions still prevailed?—A. No, I did not.

Q. You took none?—A. No.

Q. Have you taken the slightest trouble to verify the changes in the tariff upon that commodity?—A. No. I have done nothing about it.

Q. Not in the intervening years?—A. No.

Q. Now if I were to suggest to you that the tariff in those days was $2 a cwt. and that it had been reduced by successive steps to $1.50, to $1.25, and finally down to 75 cents, which it is to-day, in comparison with the $2 current on the date you have mentioned, don't you think that it might have been a trifle more fair to either have discarded the letter or given the shipowners credit for having done their best to meet the complaint?—A. Yes. I think you are quite right.

Q. The next citation, is that from the same people?—A. No, I think it is part of the same letter. I judge it is.

Q. So we can take it that is also October, 1919?—A. I think that is probably the same letter.

Q. Are the rates quoted there?—A. $2 and $2.50 per hundred pounds.

Q. And if the rate is 75 cents at the present time, having gone through the gradations I have mentioned, your answer, I supose, would be the same?—A. It would be the same, yes.

Q. Then let us go on to the next one. A very large manufacturing company in Toronto writes, "We have however, we regret to say, not received what we consider fair treatment" and so on.—A. June 16th, 1920. Steel Radiation Company.

Q. Do you know what commodity that was?—A. I cannot tell you. I suppose it was their own radiators.

Q. Did you take any steps to ascertain what the rate then was and what it is to-day?—A. No.

Q. None. The next one is the Chairman of an Ontario city Chamber of Commerce. As you put that "writes" I assume that that is something written about the time you wrote your report?—A. That was in November, 1924, from the Brantford Chamber of Commerce.

Q. That was written in answer to an enquiry that you made?—A. Yes.

Q. At that time you were very busy sending out enquiries?—A. Yes, I sent out enquiries.

The CHAIRMAN: What month, Mr. Preston?

Mr. MONTGOMERY, K.C.: In November, 1924.

The WITNESS: I think it was November, 1924, but it may have been in December.

By Mr. Montgomery, K.C.:

Q. He uses the expression "writes" there. I assume it was about the time of your report. Now perhaps for our information so that we can endeavour to satisfy these particular complainants, you will tell us the name of the city that the complaint came from?—A. Brantford.

The CHAIRMAN: He said that before.

The WITNESS: Yes, Brantford.

By Mr. Montgomery, K.C.:

Q. I am sorry. I did not catch it. Now the apple man I think we have already discussed have we not?—A. Yes, we discussed that yesterday I think.

Q. You have nothing to add on that? The letter that was mentioned apparently contends that the United States packers being more adjacent to the seaboard have an advantage.—A. Pardon me, that is not the apple man that we discussed. That is the Dominion canners.

Q. I understand the complaint refers to apples?—A. Well the apple man we discussed yesterday was R. L. Graham, in Belleville. That is the discrimination against Canadian and British trade.

Q. I had discussed him, but at the moment I am discussing the letter from which you quote.—A. Well, I am telling you that is a letter from the Dominion Canners.

The CHAIRMAN: He says so in his report that it is the Dominion Canners.

Mr. MONTGOMERY, K.C.: You say so in the report just above. The United States packers, being more adjacent to the seaboard, were able to ship at a very much lower rate.

The WITNESS: They will probably be able to explain that themselves. They are subpoenaed.

By Mr. Montgomery, K.C.:

Q. Then if you will just give us the same particulars in regard to the next one: "interfering with domestic export."—A. The sheet metal people. 1923, September 28. The Sheet Metal Products Company, Toronto.

Q. And the next, the letter which appears at the top of the following page? —A. February 25th, 1922. Canada Carbide Company.

Q. And their complaint was in reference to acetic acid and so on, and chemicals they manufactured.

The CHAIRMAN: For the Committee's information, Mr. Montgomery, could you tell us whether the rates have substantially changed in connection with this chemical manufactured by this company.

Mr. MONTGOMERY, K.C.: I was just going to ask the witness whether he enquired about that.

The WITNESS: No.

By Mr. Montgomery, K.C.:

Q. You were sending out enquiries to different people and inviting responses; and you say a large number of them. Would it not have suggested itself to you, before using the letter, to send an enquiry to these people and find out whether they were still dissatisfied?—A. Yes, it would have been wiser, I grant you.

Q. Do you know what the comparison of rates is on those products?—A. No, I do not.

The CHAIRMAN: What is it, Mr. Montgomery, can you tell us?

Mr. MONTGOMERY, K.C.: On the acetic acid, the one mentioned; the comparison, according to the rates which I have before me is: in January, 1919, $4.50 a hundred. I take it that was a war rate.

July, 1919, $2.00. February, 1921, $1.50.

I am giving the dates when the rates were changed.

November, 1921, $1.25. March, 1922, $1. January, 1923, 75 cents.

Then appears some rates that are open through certain months and give general cargo rating at so much a cubic foot, which I won't trouble you with; they require some working out.

March, 1924, down to the present time, 70 cents. No, 65 in one. And acetone, which I am instructed is manufactured by the same people, and I assume covered by the same complaint, dropped in the same way from $4.50 in 1919, down to 75 cents at the present time.

By Mr. Montgomery, K.C.:

Q. Do you know what the attitude of these people is?—A. There is nothing about acetone in my report that I can see.

Q. I gave that information to the Committee. Acetic acid and acetone are both manufactured by the same company. Now, Mr. Preston, will you kindly give us the same information about that complaint.

Hon. Mr. SINCLAIR: Those were from New York to Rotterdam?

Mr. MONTGOMERY, K.C.: This is a general complaint, but he mentions one instance, on one occasion.

Mr. SYMINGTON, K.C.: My learned friend has carefully avoided all discrimination charges in all these letters.

Mr. MONTGOMERY, K.C.: If you, or if the Committee would like me to do it, I will be only too glad to go through all the particulars with respect to them. I was trying to accept an invitation to cut it short. I will wade through them if it is of any assistance to the Committee.

The CHAIRMAN: I do not think we will ask you to do that. Mr. Sinclair wanted to know, very properly, from what port to what port were the rates you have just been quoting, sir.

Mr. MONTGOMERY, K.C.: They are Canada to U.K. Montreal and St. John to U.K.

The CHAIRMAN: And were they the same from the United States to the Continent?

Mr. MONTGOMERY, K.C.: Mr. Marlow can explain that. I think he referred to it in his evidence. But it depends on what point in the continent and whether the Canadian lines have a direct service to the particular point. We find cases like one of those cited, and that Mr. Marlow referred to.

The CHAIRMAN: I only want to compare direct line with direct line.

Mr. MONTGOMERY, K.C.: And it was shown that the comparison, the particular person was making in that complaint, was a case where it requires transhipment to another line.

The CHAIRMAN: I am not asking for that. I was wondering whether the rate from the United States, to the same point on the Continent, was the same as from Canada.

Mr. MONTGOMERY, K.C.: I am quite sure that if it was the Conference rate it would necessarily have been the same.

Hon. Mr. STEVENS: Mr. Chairman, did we not have very complete evidence on this very question, on the lower rates to the Continent and to the United Kingdom? We have discussed that very fully; I do not see why we should go into it in this case, although it might be interesting. But we will be here all summer if we do.

The CHAIRMAN: I won't press it, Mr. Stevens.

Mr. MONTGOMERY, K.C.: I am told that we would have to know the port. New York to Hamburg for instance. It is impossible to give a general answer to the statement.

By Mr. Montgomery, K.C.:

Q. Will you take the next letter, Mr. Preston, under the pathetic heading: "Closing down;" and tell us when that letter was written?—A. December 3rd, 1920. Clark and Company, it seems to be; Bear River, Nova Scotia.

Q. What were they talking about?—A. Closing down if they could not get a better rate.

Q. What was it they wanted to get a better rate on?—A. Some woodenware, I cannot just tell you.

Q. You do not remember anything more than that?—A. Some woodenware, that is all.

Q. Did you investigate to see whether they had closed down in 1920?—A. No, I did not.

Q. Or in 1921?—A. I did not.

Q. Or in 1922?—A. No, I had no correspondence with them whatever.

Q. Then was not that a matter of interest to you, to see whether this calamity which had been predicted, had taken place in all those years?—A. I did not do it, Mr. Montgomery.

Q. But you inserted it in your report, without any substantiation of their closing down?—A. It is in there.

Mr. BLACK: Did they close down. We cannot find the firm.

Mr. MONTGOMERY, K.C.: Did I hear you make the remark that they had closed down?

The WITNESS: It was rather an enquiry.

By Mr. Montgomery, K.C.:

Q. I wanted to know whether you suggested that their closing down was due to the fact—A. I am not suggesting anything.

Q. That they could not export clothespins, which was the particular subject of that complaint.—A. I cannot tell you. I suppose a man who makes clothespins has as much right to make them, as a man who makes watches.

Q. Yes, but here was something really tragic something that was going to close down an industry in December, 1920, unless they got a better rate. Did you find out whether they had got a better rate or not?—A. No.

Mr. DUFF: Can't you pin them down to the rate?

By Mr. Montgomery, K.C.:

Q. Do you know what the rate was or did you take any steps to find out what the rate was that he was complaining about?—A. No, I did not. I made no enquiries other than what you see there.

Q. Let me suggest to you that my instructions are that the rate current when the boats were taken over was $3 per hundred pounds.

Mr. SYMINGTON, K.C.: Then you have different rates from those I have, because it says one dollar here.

Mr. MONTGOMERY, K.C.: They were dropped to one dollar when the boats were coming back and have gone down by successive stages—I will not go through the whole enumeration—to fifty cents.

By Mr. Montgomery, K.C.:

Q. If that is correct, do you not think it would be just a trifle unfair to base a charge under that startling heading upon such a letter?—A. I think the charge is all right. I quite admit it would have been better had I written them.

Q. Now, Mr. Preston, I want to go just a trifle further than that. I do not expect you to agree with me, but in your later letters in 1924 I see in every case but one you have carefully mentioned the date.—A. Have I?

Q. You can go back and check my statement, if you like.

Mr. SYMINGTON, K.C.: There are two on the one page, neither of which has a date, and they are both 1924.

Mr. MONTGOMERY, K.C.: They all show a date?

By Mr. Montgomery, K.C.:

Q. You can check that if you like, but if you will accept my statement for the moment, Mr. Preston, I would like to know why it was that you, in all cases, suppressed the date, when the letters were as hoary as those which we have just cited?—A. No, I did not suppress the date.

Q You do not find any dates where they are ahead of 1923?

Mr. SYMINGTON, K.C.: Do you find any dates at all?

Mr. MONTGOMERY, K.C.: Yes.

By Mr. Montgomery, K.C.:

Q. Will you answer my question? It will need no verification other than what you have before you. You do not show the dates of any letters where they are ahead of 1924, do you?—A. What do you mean by that, ahead of 1924?

Q. Where they are prior to that time?—A. No, there is no date to any of them, even to the Alexander one that I can see, nor the Cockshutt letter, nor to the tanners.

The CHAIRMAN: Mr. Montgomery, you will forgive me if I make this suggestion. Do not all these things appear in the report itself, and is it not a question for argument?

Mr. MONTGOMERY, K.C.: Very well, we will pass on to something else, Mr. Chairman; I will accept that suggestion.

The CHAIRMAN: To use your method with the witness, is it not a reasonable suggestion?

Mr. MONTGOMERY, K.C.: I accept your view that it is a reasonable suggestion, Mr. Chairman.

The WITNESS: If you want the dates of the other letters I will give them to you.

The CHAIRMAN: No, no. Mr. Montgomery is going to proceed. Go ahead.

By Mr. Montgomery, K.C.:

Q. Just one question in regard to the cattle industry in the west. We have had quite a lot of evidence on that. In your last paragraph you say:

> "Cattle dealers claim that owing to marketing conditions, any rate exceeding $15 per head makes it quite impossible for them to secure a return on their investment, and that cattle shipped at a higher rate are invariably sold at a loss to the producers."

A. That is an official statement which was issued, I understand, by the cattle people.

Q. Did you take any steps to test the accuracy of that?—A. I had a very great deal of discussion about it.

Q. You know, do you not, that the rate throughout 1924 was $20?—A. I think I give the rates here.

Q. Is it your suggestion that the producers accepted a loss of $5 per head, at least, upon every head of cattle which was shipped?—A. That is their claim, very largely.

Q. And that notwithstanding that fact, the trade in the export of cattle during that year practically doubled?—A. The cattle men will have to explain that, I simply took this document which was issued. I really do not know.

Q. Before sending it out, surely you gave some consideration to some of these complaints?—A. Yes.

Q. "Appeals to carriers useless." I think we pretty well went over the extent of your appeals to carriers the first night, Mr. Preston, did we not?—A. Yes. This is speaking of the cattle question.

Q. And you have nothing to add to the information which you were good enough to give to us the other night?—A. No, nothing at the moment.

Q. "Fluctuating Freight Rates on Wheat?"—A. Yes.

Q. You seem to emphasize there the desirability, if possible, of securing more stable freight rates?—A. Yes.

Q. You cite some wide variations in the rates?—A. Yes.

Q. Which you say have been controlled by the North Atlantic Steamship Combine?—A. Yes.

Q. Is it your suggestion that these rapid fluctuations were controlled by the North Atlantic Steamship Combine?—A. They fixed the rates, according to my reading of the minutes .

Q. I am just asking you whether you adhere to the language in your report? —A. Yes, if they fixed the rates they controlled.

Q. So your suggestion is that these violent fluctuations were controlled by the North Atlantic Steamship Combine?—A. Yes.

Q. And you do not accept any of the evidence which you have heard given in respect to the manner in which grain rates come about, since you have been in the room? You have heard all that discussed?—A. I have heard it discussed, yes.

Q. And you adhere to your statement nowithstanding?—A. Yes. I read in the minutes that you fixed the rates, and I would call fixing controlling.

Q. Let us get the theory of the thing. Are you for stability in rates?—A. I do not know what I am for in the matter. I am not in the grain trade, I do not understand it at all.

Q. So you really do not know what you are for?—A. Yes, I do know what I am for, but some men claim, as we found in the Royal Commission—.

Q. My learned friend suggests that you know better what you are against?

Mr. SYMINGTON, K.C.: I did not say that, I said he knew what he was against.

By Mr. Montgomery, K.C.:

Q. Let us have the advantage of your views, Mr. Preston, as you set them out in this paragraph. Are you for more stable freight rates or are you against stable freight rates?—A. I should like to see stable freight rates, if they could be got.

Q. Are you drawing a distinction, then, in suggesting that the rates should be stable with regard to grain, but it is desirable that they should be unstable with regard to other products?—A. No, we were discussing grain and nothing else.

Q. But still one has general views on these principles; we are surely not confined to one commodity.—A. I think it would be very desirable to have pretty stable freight rates on certain—well, you might say more largely exported commodities, if it were possible.

Q. But not on the less largely exported commodities?—A. It might be necessary; I could not tell you. It is argued both ways. I have heard both sides of the question.

Q. Does not that stability involve some factor which will make them stable—A. I do not know, some control somewhere, I suppose.

Q. So it is not competition but control that you are after, is it?—A. I would like to see control.

Q. And you do not regard competition, unrestricted and open competition, as being the remedy?—A. No, I will not say that.

The CHAIRMAN: Does it not all depend on the level at which these rates are to be stabilized?

Mr. MONTGOMERY, K.C.: And that question reflects itself, in this case, in the voyage returns, as to whether the level will produce sufficient earnings or excessive earnings or too little earnings.

The CHAIRMAN: This is a matter on which people might have differences of opinion. In fairness to the witness, I do not think he has been fair to himself in answering your question. His report reads:

> "The fluctuations noted have all taken place while the freight rates on grain have been controlled by the North Atlantic Steamship Combine."

Mr. MONTGOMERY, K.C.: Yes, and I asked him first, after the evidence he has heard, whether he still adhered to that, and he said he did.

The CHAIRMAN: I think he was not fair to himself in the explanation he gave.

Mr. MONTGOMERY, K.C.: Your remarks draw a chorus of protests, Mr. Chairman.

The CHAIRMAN: So far my remarks have been merely introductory. If Counsel would be patient with me for a moment, I would give them my idea—which may be wrong or right—as to what Mr. Preston meant by his report. It has been placed before us as one of the main reasons d'etre that the Conference has not been able to keep rates on an even keel or a stable basis, and it has been shown by the evidence before this committee that grain rates fluctuate often from day to day.

Mr. MCKAY: And sometimes several times in the one day.

The CHAIRMAN: Sometimes more than once in the same day, in spite of the fact that there is a control of freight rates as far as the Conference lines are concerned.

Mr. MONTGOMERY, K.C.: All of which confirms the evidence of the witnesses that there are rates which you cannot control, that there is a market for them the same as anything else, and to fill their ships they have to offer prices which will attract the commodity.

Hon. Mr. STEVENS: Are we not more concerned, Mr. Chairman, as to whether or not the rates on grain have been unduly high, and if there are allegations that they have been, why go on with this discussion of the theory of whether they may be kept at any dead level for any period of time. Mr. Preston, in his report, infers that there has been a fluctuation and that they have been unduly high. Now the question is, is such a statement well founded and if so, what is the explanation?

The WITNESS: Pardon me, Mr. Stevens, but I do not know that I have inferred they are unduly high. I only give them.

Hon. Mr. STEVENS: If they are not unduly high, the committee is not very much concerned regarding them.

Mr. SYMINGTON, K.C.: I would rather think they were very much concerned, in view of the fact that the defence is that there is no fluctuation.

Hon. Mr. STEVENS: If the rates are not too high, the committee cannot have very much objection to them.

Mr. SYMINGTON, K.C.: The honourable member does not understand my suggestion. The Conference say they give stability, and this is an instance where they do not give stability.

Hon. Mr. STEVENS: These grain rates are open rates, with 68 per cent of the traffic carried last year by tramps.

Mr. SYMINGTON, K.C.: That again is a matter of discussion, whether that is an open rate or not.

The CHAIRMAN: They may not claim to control them, but the evidence is that every day the Grain Committee of the Weekly Liner Committee met and fixed the rate for that day. Sometimes it was changed more than once in a day. They were controlled to that extent. The object of my observation —and perhaps we have spent more time than we should upon it—was that one of the defences of the Conference is that they brought about stability, and one of the facts about the grain trade is that it did not bring about stability. That, of course, was due to the tramps and to the law of supply and demand.

Mr. MONTGOMERY, K.C.: Were you left with that impression, that there is any possibility of fixing these rates or controlling them? Because the witness explained that they quoted the best rate they could, and then if that was not successful they lowered the rate, and so on. It is the same way as a broker quotes rates on the Exchange, and if he cannot get that rate he brings it down.

Mr. SYMINGTON, K.C.: The evidence is on the record. I would not agree with that statement.

By Mr. Montgomery, K.C.:

Q. Then we will pass from control to absorption, "Absorbing Domestic Concessions," which is the next heading in your report, unless you wish to charge us with the St. Lawrence River insurance rates, which I assume you do not.—A. I think you are quite right in assuming I do not. I do not make any such suggestion.

Q. Then let us pass on to the absorption of domestic concessions. That, I take it, in the terms of your remarks, refers to the preferential tariff?—A. It does.

Q. And your suggestion, if it means anything, means that the preference is absorbed by the freight rate?—A. Yes.

Q. Have you verified that at all? It is a very important subject.—A. Yes, I think I will be able to give you something on it. I have some figures.

Q. In the first place, let us proceed in order of date. Did you observe Sir Henry Drayton's conclusion upon that very subject, in the report from which you have quoted quite freely?—A. Yes.

Q. On page seven—

The CHAIRMAN: Yes, page seven of Sir Henry Drayton's report.

Mr. MONTGOMERY, K.C.: Yes. You will observe that he says, "The claim that importers made to the effect that the British preference was absorbed by the increased rates does not appear to be borne out." And then follows a statement.

The WITNESS: That is his conclusion.

By Mr. Montgomery, K.C.:

Q. Which apparently was not accepted by you?—A. No, it was not altogether accepted by me.

Q. "Not altogether"?—A. It was not accepted by me.

Mr. RINFRET: That was in 1913?

Mr. SYMINGTON, K.C.: Yes.

Mr. MONTGOMERY, K.C.: I will pass on to that and take a commodity to meet Mr. Rinfret's remark, and bring this down to 1925.

By Mr. Montgomery, K.C.:

Q. Take woollens, for instance. Do you know what the preference was and what the freight rate was?—A. At the moment I have not got the preference; I have the freight rate.

Q. And what freight rate are you using?—A. 1924, 90 shillings.

Q. Because, I have before me a list of commodities furnished by the woollen merchants in the city, showing in actual bills the amount of the freight which they paid, and the amount of preference which they obtained, and the figures for your information, will show as preference the difference between 27½ per cent and 35 per cent—

Mr. SYMINGTON, K.C.: That is not the way to get evidence of the books. I have a lot of figures I would like to put in, if I could do it without calling witnesses.

Mr. MONTGOMERY, K.C.: It is a pity to bring people here for that. I am taking the various commodities mentioned in Sir Henry Drayton's report, merely because it was suggested that the 1921 conditions might be so different as to lead us to a different conclusion.

By Mr. Montgomery, K.C.:

Q. Do you know, as a matter of fact, whether your criticism of Sir Henry Drayton's conclusions, or your disagreement with his conclusions, rested upon the suggestion that conditions are not the same to-day as they were in 1913?—A. They are not the same to-day as they were in 1913.

Q. Is it your suggestion to-day that the preference would be absorbed by the freight rate?—A. That is what has been represented to me by people who are importing, and one in particular who is importing, from whom I have been making inquiries.

Q. Have you any objections to stating the name of your informant?—A. None whatever. It was Charles Wicket, of Port Hope.

Q. Did you make any inquiries on an important subject of that kind, where you proposed to take issue with Sir Henry Drayton, from any of the large importers in Montreal and Toronto?—A. I had the information from him—

By the Chairman:

Q. Did you? Just answer the questions, please?—A. No. I had not Sir Henry Drayton's report in my mind when I made inquiries.

By Mr. Montgomery, K.C.:

Q. My dear sir, you certainly had it in your mind when you made your report, because you quote from it extensively?—A. Perhaps you will ask first when I made my inquiries?

Q. I am not so much concerned with when you made your inquiries, as when you inserted this statement in your report, and you had before you at that time a finding of Sir Henry Drayton upon that very subject?—A. Yes, I had.

Q. Did you take steps then when you found that the report of your Port Hope friend was not in agreement with Sir Henry's conclusion, to ascertain which was correct?—A. My Port Hope friend showed me his invoices and papers, and made it quite clear to me that the preference was absorbed.

The CHAIRMAN: I suggest that is hardly a fair question, because his Port Hope friend gave him the evidence—

The WITNESS: He is supplementing it now—

The CHAIRMAN: (To witness) If you will just pardon me.—and Sir Henry Drayton's report was written some years ago.

Hon. Mr. STEVENS: Mr. Symington objects to Mr. Montgomery putting in these figures. We have in these exhibits all the rates, if I remember correctly, for several years.

Mr. SYMINGTON, K.C.: No, not the westbound rates.

Mr. MONTGOMERY, K.C.: You have the westbound tariffs; we filed them with you.

Mr. SYMINGTON, K.C.: For two years only.

Mr. MONTGOMERY, K.C.: That is all you need.

Mr. SYMINGTON, K.C.: It seems to me that what we will have to do in this case is to take the tariffs filed with the Railway Commission of the joint through rates from England to points in Canada, and take the commodities you want in the joint tariffs to points of destination, and deduct the rail rate to get the ocean rate on these various commodities. At least, that is what I have had done.

Mr. FLINTOFT: Did you get a rate to Port Hope in that way?

Mr. SYMINGTON, K.C.: I got a rate to Winnipeg.

Mr. SHAW: May I inquire of the witness what he means by this absorption process?

The CHAIRMAN: Question the witness on that point, with Mr. Montgomery's permission.

The WITNESS: Swallowed up in the freight rates.

By Hon. Mr. Stevens:

Q. Ocean rates or rail rates?—A. Ocean rates.

By Mr. Shaw:

Q. What is the process by which it is swallowed up?—A. Increased freight rates.

By Hon. Mr. Stevens:

Q. Increased over what tariff?

By Mr. Rinfret:

Q. I understand you mean that the rates are so high that they absorb any preference?—A. Yes, that is what I heard English merchants say.

By Mr. Shaw:

Q. Consequently our goods, as a result, cannot compete with other goods that do not enjoy the tariff; is that right?—A. No, that preference is given to British products, and the increases in freight rates absorb that.

By Mr. Rinfret:

Q. It costs so much to bring them from the United Kingdom to Canada that they lose whatever preference they get by the tariff?—A. That is the allegation.

By Mr. Stork:

Q. It nullifies it?—A. Nullifies it, yes.

By Mr. Shaw:

Q. That may mean that the rates from some other country supplying these goods which enjoy the preference are less than the freight rates from the United Kingdom to Canada to such an extent that the preference is more or less wiped out?—A. No, it is connected with the freight rate and the preference from the United Kingdom.

By Mr. Rinfret:

Q. But it must be a comparison with something?—A. No; I am not talking about comparisons. I take it there is a preference on British goods—certain British goods. At least, the preference was given in 19—

Mr. RINFRET: The date does not matter.

The CHAIRMAN: 12½ per cent up to 1897; then 25 per cent for a little while, and then 33 per cent.

The WITNESS: And the freight rates have increased to such an extent that that is eliminated, that it is swallowed up by the steamship companies.

Mr. SYMINGTON, K.C.: There is no preference against the United States. There would be no use of that in the matter of imports.

Mr. MONTGOMERY, K.C.: When you talk about "the preference"—

By Mr. Shaw:

Q. Is the freight rate on these preferred goods—the British goods which enjoy the preference—from the United Kingdom to New York, for example, the same as it would be to Montreal?—A. You would know more about that than I do. I understand the preference is only applicable to Canadian ports.

The CHAIRMAN: No, they get an extra preference of 10 per cent if the goods come through Canadian ports, but the main preference remains. Of course, the preference was changed from a straight 33⅓ per cent in about 1907 to a varying reduction of duties on various goods, but the British goods enjoy a preference coming into Canada irrespective of the port they come through, excepting if they come through a Canadian port they get an extra 10 per cent.

By Mr. Shaw:

Q. I understood you to make a statement that the preference is swallowed up in the increased freight rates?—A. Yes.

Q. Now, freight rates are increased alike to New York and Canadian ports, are they not?—A. Yes, certainly.

Q. Then how is the preference swallowed up? Does it not still continue?—A. No, it is swallowed up in the freight rates.

The CHAIRMAN: Goods might come from the United States, for instance, where there is no sea-carriage at all. For instance, consider 100 pairs of boots coming in from the Old Country. They have a preference coming into Canada. They are in competition with 100 pairs of boots coming in from Brockton, Massachusetts. Now, if it were true that the freight rate on these 100 pairs of boots from the Old Country was raised so high as to make it more costly to lay them down in Montreal than the amount by which the duty was reduced in respect to that, the whole advantage of the preference might be absorbed.

Mr. SHAW: So the comparison is between American-made boots and British-made boots.

The CHAIRMAN: Yes.

Mr. DUFF: The boot is on the other foot, as it were.

Mr. MONTGOMERY, K.C.: Just to test this out in one of the commodities mentioned. I would be glad, Mr. Preston, if you would verify—if you doubt—the accuracy of this statement—

Mr. SYMINGTON, K.C.: How does he know that?

By Mr. Montgomery, K.C.:

Q. Do you know what the normal duty is on boots?—A. No, I do not.

Q. I will give it to you, subject to your verification, at 30 per cent. Do you know what the British preference is?—A. No, I do not; I believe it is 33⅓ per cent.

Q. The British preferential duty is 17½ per cent; the preference is 12½ per cent. Now, do you know, on that same invoice, what the percentage of the freight is?—A. I will give you some figures if you will allow me to go to my office, if my room is not closed.

Q. I would like to put these figures before you so you can verify them if you wish. The percentage of freight rates of the value of the same bill of goods is 1.29 per cent, as contrasted with the 12½ per cent preference, and I am there taking the whole freight rate—not merely any increase, but the entire freight rate. Will you check that please, if you doubt it?

Mr. SYMINGTON, K.C.: I suppose the proper way for my learned friend to do would be to give the evidence.

Hon. Mr. STEVENS: Mr. Chairman, I raised this point a few minutes ago. Here we are, faced with a deadlock. Mr. Montgomery offers certain figures. He is not giving evidence, that is true. Mr. Symington has in these exhibits under his control a full schedule of rates. Why cannot the Committee have the official figures, so that our solicitor, representing the Committee, would not question figures that are suggested by the opposing counsel? If the figures Mr. Montgomery is offering are wrong, he should be called to order and reprimanded. There are the figures in these packages; why not have them?

Mr. SYMINGTON, K.C.: I would like to see any man who could follow these figures while they are being recited?

Hon. Mr. STEVENS: I can give them from memory. Here is a preference, according to Mr. Montgomery's figures, of 12½ per cent. The Customs duty is 17½ per cent on British goods. Here is a figure of 12½ per cent. The freight rate on the same goods amounts to one and one-half per cent.

Mr. MONTGOMERY, K.C.: 1.29 per cent.

Hon. Mr. STEVENS: How can 1.29 per cent absorb 12½ per cent? That is what I want to know? That is the mathematical problem the witness has to solve. I think the statement is an outrage and a slander upon the whole system of British preference. It is in the report, and the witness says he does not know how it has arrived there. If our counsel cannot produce these figures and protect the witness, I think it is about time he knew what he was there for.

By Mr. Montgomery, K.C.:

Q. You were to look up for us the explanation of the 25 per cent increase. Your illustration of 25 per cent increase in March 1924 would be rather misleading if it applied only to eastbound freight?—A. What clause are you dealing with?

Q. The same clause.—A. No, Mr. Montgomery—that, I must admit, puzzled me very much. I could not understand that myself. It is misplaced in the arranging of the report. It is a misplacing of the third paragraph in that it ought to follow the fourth. If you will kindly look at it you will see that is what has taken place in the typewriting.

Q. In the typewriting?—A. By the typewriter, yes.

Q. Before issuing this report to the world did you not correct your typewriting?—A. Well, I thought I did. I read until my eyes were sore but that mistake has crept in some way or other in the re-arrangement of the items.

Q. As the thing stands in the report, which is all we have to go by, the statement is decidedly misleading?—A. Of course, it is misleading, that is, it is not misleading because it evidently is not referring to it at all. It is dealing with the next paragraph.

Q. I see it reads quite naturally because it says:

> "The advantages which were intended to be given as an encouragement to the development of British-Canadian trade by the Canadian preference to British goods, have long since been swallowed up by the increased cost of ocean transportation. In addition, the Custom's preference given to British goods carried to Canadian ocean ports (instead of reaching Canada via the United States ports) has also been obliterated by increased ocean freight charges.
>
> "The more recent illustration of this is the 25 per cent increase in the freight rates on all goods, which took place on March first, 1924."

A. It could not possibly be taken in connection with that. It could not possibly.

Q. You have seen a recent illustration of the thing you have been talking about or we do not know the English language?—A. Be fair.

By Mr. Rinfret:

Q. Do I understand the next paragraph should come before that one? —A. If the Committee will allow me, there was prepared by myself, taken partly from trade reports and partly from other information, the table which was set in there.

By the Chairman:

Q. Where does "there" come?—A. It comes in after "has been obliterated by increased ocean freight rates." In some way, in fixing up the report, in rearranging, that was left out and the other one crept in to the other place.

By Mr. Rinfret:

Q. Do I understand the fourth paragraph should come in in the third place?

Mr. SYMINGTON, K.C.: That is what he says.

The WITNESS: In reading these two items, my recollection is that they had another heading, the third or the fourth.

By Sir Henry Drayton:

Q. Where do you want to put that clause, Mr. Preston?—A. Put it after the third.

Q. After the third of the same paragraph?—A. Something has been left out in the middle there.

Q. You put it in after the words "increased cost of ocean transportation?" —A. Yes.

The CHAIRMAN: Is that cleared up?

Mr. RINFRET: Let us go at it this way.

The CHAIRMAN: You take the witness, Mr. Rinfret.

Mr. RINFRET: The first paragraph reads:

> "There is another phase of the situation that is created by the absolute control that is exercised by the North Atlantic Steamship Combine over all ocean freight rates which might well be considered."

A. Yes.

Q. The second paragraph reads:

> "The advantages which were intended to be given as an encouragement to the development of British-Canadian trade by the Canadian preference to British goods, have long since been swallowed up by the increased cost of ocean transportation. In addition, the Custom's preference given to British goods carried to Canadian ocean ports (instead of reaching Canada via United States ports) has also been obliterated by increased ocean freight charges."

A. Yes.

Q. Then the fourth paragraph comes in the third place, which reads as follows:

> "It is, therefore fair to assume, there being no Government control of ocean rates, any rearrangement of the cost of inland railway transportation to satisfy the agitation that is now demanding a more equitable schedule of freight rates, that whatever consideration may hereafter be given to domestic interests, either agricultural or industrial, these will forever fade into insignifigance by another turn of the screw in a further increase to the cost of ocean transportation."

A. The fourth then comes in next.

Mr. SYMINGTON, K.C.: The way Mr. Rinfret read it.

Mr. RINFRET: And the last paragraph is:

> "The more recent illustration of this is the twenty-five per cent increase in the freight rates on all goods, which took place on March 1, 1924," etc.

A. Yes. I have, in addition to that, if the Committee will pardon me, a very clear recollection of a schedule which I had put in there, and in some way it must have gotten mislaid by the typewriter or was lost.

By Mr. Rinfret:

Q. Have you got it before you know?—A. No, I have not got it.

The CHAIRMAN: Is that cleared up? If so let us proceed to another phase of the investigation.

Hon. Mr. STEVENS: I would like to have that cleared up. Let us have the correct figure, to decide whether the statement made by the witness is worthy of any consideration or not. The figures are in the hands of the Committee. Why can we not have them? The solicitor has them and he can produce them.

Mr. SYMINGTON, K.C.: What have I got?

Hon. Mr. STEVENS: You have in the schedule the freight schedule on westbound freight.

Mr. SYMINGTON, K.C.: It is not in my custody at all. I can get it for you.

By Mr. Montgomery, K.C.:

Q. Let me pass to your next paragraph. I am nearing my conclusion: "Passenger and Emigrant fares." That is an old hobby of yours?—A. I have some information I would like to give you.

Q. Lest you should give us too much, I will try and confine my questions to main points. First, pre-war. You remember that I suggested to you the other day that your rates were somewhat out of line with anything shown by any tariff of which we were aware?—A. Yes, you said so.

Q. Do you know what dates you are taking, in respect to these rates? —A. I beg your pardon?

Q. First, for pre-conference. Will you tell us what date you are taking for pre-conference?—A. I am taking the rate that was prevalent when I went over there in 1898.

Q. As a matter of fact do you know when the conference was formed? A. I could not tell you, now. I think it was somewhere about that time.

Q. As a matter of fact had it not been running for some time when you went over there, some years?—A. No, I do not think it had been.

Q. This suggestion is that $17.50 was the normal rate at that time?—A. I do not know what the normal rate was. It was the rate under which emigrants were coming to Canada.

Q. I suppose, in days gone by, it was probably cheaper. We know prices have constantly gone up?—A. I could not tell you.

Q. You could not tell me?—A. No.

Q. I wonder if the Committee would be interested in seeing the rate issued by the Montreal Ocean Steamship Company, Edmonton-Allan, Company, as it was then, in 1859, where the rate, even in those days, was considerably higher than the figures you mentioned. You can see the rates all given down there.

The CHAIRMAN: I will read them to the Committee:

> "From Liverpool to Quebec; rates of sea-passage; Cabin, £15, 15s; £18, 18s Sterling, according to accommodation. Children, under twelve years of age, 20s per year in aft cabin and 25s per year in forward cabin.

Mr. DUFF: Are those steamers or sailing ships?

The CHAIRMAN: Those would be steamers, I think, "North Britain"; "Anglo Saxon"; "Nova Scotian"; "North American"; "Hungarian" and "Indian".

Mr. DUFF: That is a motorcycle, "Indian."

Mr. MONTGOMERY, K.C.: They evidently anticipated the days of the Diesel engines.

The CHAIRMAN: (Reads). "Third class, £7 7s; children in third class, seven years and under twelve, £4 and 10s; one year and under—

Mr. DUFF: They ought to go free.

The CHAIRMAN: (Reads). From one to seven years, £3, 10s. Under one year, free." According to Mr. Duff's suggestion.

Mr. DUFF: What do they charge for large families?

By Mr. Montgomery, K.C.:

Q. I will not argue rates with you because I think it will assist the Committee much better by giving them ourselves but, accepting any rate you wish to put, whether your own or any other, did you give any consideration, in making your comparison, to the difference in conditions as existing at the time given, for your first rate, and the present time?—A. No, I have simply given the tariffs.

Q. You have simply given the tariffs?—A. Yes.

Q. Well now, if you were intending that as an indictment, and you evidently were, do you not think it would have been fair to have drawn attention to the very different conditions under which third class passengers were brought out to Canada then and now?—A. Everybody knows that conditions have changed very much.

Q. You have heard the evidence given the other day, that in those days they got cargo both ways in that space?—A. I do not know that I did.

Q. That cattle were carried eastbound and emigrants westbound?—A. I heard that in regard to one or two steamers, or was it one steamer?

Q. As regards accommodation, do you know that in those days emigrants were carried in open dormitories, if I can call them that, containing twenty to a hundred or more people?—A. No, I do not.

Q. You were interested in emigrant conditions in those days?—A. I have seen a good many emigrants carried on a £3 rate. I cannot say they were comfortable, that is, I would not like to travel under those conditions of travel but they were reasonably comfortable and they were very anxious to go.

Q. You know in these days passengers were not given the luxury of a dining room or a dining table? I am taking your own period in 1898, I think?—A. From 1898 to the time the Elder-Dempster Company went out we had a £3/10 rate; not altogether.

Q. I am speaking of the year you take, 1898, and I ask you whether you are aware of the difference existing and the service given for the money in those days as compared with to-day?—A. The change is very great.

Q. The change is very great?—A. Yes.

Q. You did not think it necessary to make mention of that fact?—A. No, I did not. I thought my report was then long enough.

Q. I did not catch your answer?—A. I did not mention anything else but what is shown there.

Q. You are aware are you not, that the third class passengers were given no attendance at all, in the way of stewards' attendance?—A. I was not.

The CHAIRMAN: Forgive me for breaking in. Is not all this evidence before us?

Mr. MONTGOMERY, K.C.: I wish to know whether the witness is aware of these things. It is not a question of evidence; it is a question of good faith. If he is ignorant of these things we could forgive his ignorance when he starts to compare rates. If he withheld the information in making the rates. I say that the witness is in the grossest bad faith. That is the reason I am asking whether he was aware or not?

The WITNESS: We are all aware that conditions have changed on the ships very much.

By Mr. Montgomery, K.C.:

Q. Were you aware of the fact that they were not even provided with bedding in those days?—A. I never heard that. I have seen emigrants going on the boat during the time I was there and I never saw anybody carrying their bedding.

Q. What do you refer to as bedding? Sheets and so on?—A. Sheets and mattresses and things like that.

Q. In 1898, is that your evidence?—A. During all the time I was over there I never saw any emigrants carrying their bedding.

Q. Never mind who did the carriage, Mr. Preston. I am asking you whether the liners supplied such luxuries as those?—A. I could not tell you.

Q. You could not tell us?—A. No.

Q. But, my dear sir that was your whole job in 1898, looking after the comfort of the emigrants in their transportation to Canada?—A. I was not a health officer.

Q. You impress me really as evading the question. If any man had occasion to be familiar with the conditions under which emigrants travelled in those days you were the man?—A. Not in 1898. I do not think I was on board an emigrant steamer until about 1900 or 1901, and crossing the Atlantic, upon more than one occasion, I went into the emigrant quarters. They were not quarters I would like to travel in, I grant you, but they were there.

Q. Well now, Mr. Preston, what had you been doing between 1898 and 1901?—A. I was doing my Immigration work, organizing in Europe, and organizing in Great Britain.

Q. You were Commissioner of Immigration?—A. I was.

Q. And as Commissioner of Immigration, in those three years you had not attempted to make yourself familiar with the conditions under which immigrants were being shipped out?—A. That was not my function. There were officers for that purpose.

Q. You were unfamiliar as to that?—A. I don't know that I was unfamiliar with it. I was there for about two years.

Q. We cannot ask you any questions about it, because you know nothing now and did not know then?—A. I told you that I went through the emigration quarters of a ship that I crossed in, I think in 1900.

Q. Mr. Preston, you are the very man I would have thought of summoning here to tell us about that?—A. I was not the medical officer of the department. The department had a medical officer to look after that phase of the work. My time was very much taken up with other phases of it.

Mr. MONTGOMERY, K.C.: I would like to place before the Committee particularly, if you have not had an opportunity of seeing it, a description of the third class traffic, the folder, giving the rooms, accommodation and service as it is to-day, in the modern third class folder, giving the figures and so forth.

Sir HENRY DRAYTON: I think we have all those in here now, given very carefully and very well.

The CHAIRMAN: I think so.

Mr. DUFF: I think it is all in the budget now, is it not?

The CHAIRMAN: I think all the Committee know that third class accommodation to-day is very very different from what it was 25, 30 or 40 years ago.

Mr. MONTGOMERY, K.C.: We see them advertising students cruises to-day, in the third class.

Mr. RINFRET: It is a question whether the expense is justified by the increase in the quality of the service.

The CHAIRMAN: That is it, exactly.

Mr. MONTGOMERY, K.C.: My point, Mr. Chairman, if I may be permitted to say so, is that in cross-examining the witness I am endeavouring to show that the witness was not acting in good faith when he wrote his Report, and that he wrote it maliciously, and I have no hesitation in saying that.

The WITNESS: I would expect that from you.

Mr. MONTGOMERY, K.C.: I picked up from the dining table the menu of the third class table.

Mr. SYMINGTON, K.C.: My learned friend should give us the costs. It is very important to know what it costs to feed emigrants upon these third class voyages.

The CHAIRMAN: Mr. Rinfret has put his finger upon the very point. We all admit there has been a very great betterment in the third class service, that emigrants to this country are treated very differently from what they were 25 or 30 years ago. The question is, is the increase in the cost warranted by the

increase in the services, to use Mr. Rinfret's words, which I cannot improve upon.

Mr. MONTGOMERY, K.C.: I have only one or two more questions to ask Mr. Preston upon that point, and I will drop it then.

By Mr. Montgomery, K.C.:

Q. When you were searching the departmental files, Mr. Preston, for the purpose of making this Report we are quoting from so extensively, was your attention drawn to a letter from the High Commissioner in England, appearing on the Department files or tables under date of the 13th of February, 1924, which contains the following paragraph:

> "There is always one thing we have to keep in mind, and that is that we must not bear so heavily on the shipping companies that they may consider withdrawing the ships from our routes and thus kill the goose, and I think just now they are going through a very bad time."

You must have seen that letter, because you were quoting from letters which appear on the same file?—A. What is the date of it?

Q. The 13th of February, 1924?—A. I did not see the letter.

Q. Would the views of the High Commissioner have affected your judgment at all in the conclusions which you have laid down in that report?—A. Do you mean as to the desirability of a lower rate for emigrants?

Q. As to the general tone of your Report?—A. I don't know that I saw anything there from the High Commissioner that bears upon my report.

Q. Well, the High Commissioner has put himself upon record in addressing the Government here, and you have told us you were in communication with him; you must have known his views upon it?—A. I knew the High Commissioner's views upon the whole question of the Combine, or Conference if you like, and what ought to be done. We discussed that, as I tell you, quite freely.

Q. If you had seen that letter would it have at all influenced your views or conclusions?—A. I could not tell you at the moment. I would like to see all the correspondence before expressing an opinion.

Q. Do you agree, or disagree with the opinion expressed by the High Commissioner?—A. That we were going through serious times? I did not know anything about it.

Q. You did not know anything at all about it?—A. No.

Mr. MONTGOMERY, K.C.: That is all, Mr. Preston.

By Mr. Symington, K.C.:

Q. Mr. Preston, that letter of February 1924, I understand from your evidence that it was after that you went to England and discussed all these matters with the High Commissioner?—A. Yes, it was after that.

Q. So that that letter was written prior to the discussion of this matter with the High Commissioner at all?—A. It probably would be, yes.

Q. Now, I am going to be very short with you, Mr. Preston. Would you kindly tell the Committee as shortly and as concisely as you can, unbothered by questions, just what you did when you left here to go and inquire into this matter in March of 1924?—A. I went direct to London. The day following my arrival I called on the High Commissioner, and told him in a general way what my mission was; that probably by the next mail the Order in Council or whatever was necessary to reach him would probably arrive. To begin with, the High Commissioner and myself accepted the finding of the McMaster report that a Combine existed, and that therefore from that standpoint there was no occasion for any inquiries. Then as to what I should do we were agreed upon this—

Mr. MONTGOMERY, K.C.: I want to state here, Mr. Chairman, that I do not think it is proper for this witness to be allowed to make a speech of this kind at the present time; he has put himself on record in writing as to what he did, and has given his conclusions. He was examined by my learned friend, and was given every opportunity to state what he did; he has done so, he has been cross-examined as to what he did, and has been given ample opportunity to explain himself. Now he wishes to make a speech.

The WITNESS: Pardon me, I wish nothing of the kind.

Mr. MONTGOMERY, K.C.: He wishes to fortify his position by these continuous references to such instructions as he had from the High Commissioner, or the High Commissioner agreeing with him in the steps or action to be taken. We have not got the High Commissioner here; such views as the High Commissioner had are on record, and we have no way of contradicting his statements. I do not think it is at all proper that this witness should be allowed, at my learned friend's invitation, to start out to make a speech now. In cross-examination, while we are not before a Court of Law we are possibly not held down to the strict rules of evidence. This witness after all is in re-examination. The ordinary rules of evidence are not arbitrary matters; they are based upon common sense and the necessity which Courts, Commissions and everybody else have of finishing evidence and concluding it some time; consequently it has been a rule established and adhered to by everybody, that when they get to re-examination they should be confined to the subject of cross-examination, and not go into matters which might form the subject of a second cross-examination, and not to make points to the Committee, which he is now proceeding to do.

Mr. SYMINGTON, K.C.: Mr. Chairman, I have no object in pressing anything.

Mr. SHAW: Why should not the witness be questioned? I should like to ask the witness certain questions.

The CHAIRMAN: I think, with Counsel's permission, and the general agreement of the Committee, I will accede to Mr. Shaw's desire.

By Mr. Shaw:

Q. Mr. Preston, do I understand from your examination and cross-examination, that the question at issue so far as you were concerned, was not a question of giving better service, but a question of getting lower rates?—A. The question at issue so far as I was concerned, was to endeavour to get lower rates, Mr. Shaw, all other considerations being equal.

Q. And then you followed that up, when you went to England, by endeavouring, directly and through intermediaries, to get the views of various clients, as to the probable attitude of any of the shipping companies with regard to leaving the Conference?—A. To learn for me, from members of the Conference, what likely action they would take if they were approached; whether they were likely to leave the Conference.

Q. That is, you tell us that in order to get the lower rates it would be necessary for one of these companies to leave the Conference?—A. I thought so.

Q. To withdraw from the Conference?—A. I thought so.

Q. Then I think your idea was that if we were to get relief in the way of lower freight rates, the Conference would have to be dissolved, at least to the extent of one member leaving it.—A. Yes. I will answer one point more if you will allow me. One other necessity, an absolute requirement was that the Government would have control of the rates.

Q. But that could not be secured unless the Conference was broken up to the extent of at least one shipping firm leaving the Conference?—A. Yes, quite so.

Q. Now tell me from your experience, has the Conference system any merit whatsoever?—A. Has it any merit? Well, I could not tell you that I am sure.

Q. You are not prepared to offer an opinion on that subject?—A. You can say it has merits of course, yes.

Q. Then another question, Mr. Preston. You have had experience with the Franco-American Company seeking to act against the Conference. What reason have you to suppose that lower rates would be given by them than by the Conference?—A. I don't know to what you refer, Mr. Shaw, in the Franco-American Company. I don't know what company you are referring to.

Q. I am talking about the company that Mr. Peterson had of that name some years ago.—A. Oh yes, I did not know that was the name.

Q. You realize that Sir William Petersen's company, the previous company, came to grief by reason of Conference action, did it not?—A. Yes, I should judge so, yes.

Q. Now what reason have you to suggest that similar action nowadays—that is, the organization of a company outside the Conference—would not likewise come to grief either immediately or ultimately?—A. I thought with Government support it was bound to succeed, that it must succeed.

Q. When did you have this conference with Mr. Cairns?—A. On the 5th June. Well, when I say the 5th, I see the correspondence is dated either the 5th or 6th, so I judge it was that day or the 6th. It was the first week in June anyway.

Q. I think you told us that your first conference with Sir William Petersen was about the end of June.—A. At the end of June. Some time in the end of June.

Q. How did you come to get in touch with Sir Willian Petersen?—A. By writing a letter to his office, and sending that memorandum which I think you have seen, to ask if he would be willing to consider a proposal along those lines.

Q. I take it, Mr. Preston, that the scope of your duties will be found in the Order-in-Council?—A. Well, probably; yes.

Q. You have no instructions from the Minister other than those contained in the Order-in-Council?—A. Well, yes, I had.

Q. First of all let me direct your attention to this fact; the Order-in-Council provides that you are employed to investigate the alleged discrimination in freight rates governing Canadian shipments from Atlantic seaports?—A. Yes.

Q. Now the only discrimination you were familiar with from Western Canada, was the discrimination in flour?—A. Yes.

Q. That was the only one at that time?—A. I think not the only one, Mr. Shaw.

Q. When you got to England you found that was settled?—A. Well, I could not of course do anything with that over there. I knew before going, or I knew that at some time I must make some enquiries in Canada.

Q. As a matter of fact that discrimination was adjusted almost at the time of your arrival in England, the flour discrimination?—A. Sometime along there, yes.

Q. Did you make any investigation there with regard to any other alleged discrimination?—A. No, that was not the place. This side was the place.

Q. Quite right. I agree with you. Now you said it was your duty to investigate regarding the alleged combine in connection with such shipments, in marine insurance?—A. Yes.

Q. Did you have anything to do with that?—A. Yes I spent a good deal of time over that.

Q. And you found that was adjusted to some extent shortly after your arrival in England?—A. No, not shortly after. Before I left England. But before it was adjusted I had a good many interviews with large insurance companies.

Q. I understand you have read the report of the Shipping Committee, and they apparently do not give you credit for having any part in that arrangement?—A. Well, I thought my very presence there accounted for the whole thing being finished up, as it was. And Mr. Larkin thought his attitude on it had resulted in success, and that the shipping companies had no credit whatever. So we were all picking up the chestnuts.

The CHAIRMAN: Or rather, laurels.

The WITNESS: The laurels, yes.

By Mr. Shaw:

Q. Well, in any event, here were the two parts of your duties set out in the Order in Council. Now where is your authority to negotiate with Sir William Petersen, and where is the authority that you had with regard to the preparation and delivery of this "frank statement of the Canadian case."—A. Well, I suppose I am quite justified in saying that I did not see the Order in Council for some considerable time. Mr. Low, when he called me to see him, told me that this Order in Council, a paper on his desk, either had passed or was passing. I did not read it, but generally speaking I thought my responsibilities were to try and solve the problems raised in the McMaster Report.

Q. Now you could realize that if the Order in Council represented the scope of your duties, certainly you would be acting outside the scope of them.—A. Certainly, my work would have been very much simplified.

Q. Now how did you come to prepare this "frank statement of the Canadian case?" Does that represent a conference between the Government and yourself?—A. No, I took the responsibility of preparing that.

Q. Well don't you see you would have to satisfy the people that you dealt with, as to your authority, by referring back to the Order in Council; that would be your first step?—A. Yes, I told them to communicate with the High Commissioner if they had any doubt about my responsibility.

Q. Now you gave them this "frank statement of the Canadian case" and they could see that that was outside the scope of your duties?—A. Looking at it that way, possibly; but they accepted it and we went on.

Q. Had that anything to do with the fact that you did not go directly to these people?—A. Oh none whatever. I should gladly have seen all of them.

Q. Why did you not go to them?—A. For the reason that I had been assured by those in whose judgment I had some confidence, that they would not break away from the Conference.

Q. But don't you think it is more desirable that the representative of the Canadian Government should go perfectly frankly and fairly to these representative shipping men and find out from them definitely and clearly what their attitude was, and not rely upon the reports of any person, no matter how reliable?—A. If I had it to do over again, I should go right straight to them and take their rebuff, whatever it might be. I wanted to avoid that if possible.

Q. You suggested in this "frank statement of the Canadian case" that the first of these two proposals is regarded as the more desirable. What was your authority for making that statement?—A. An opinion. My opinion.

Q. You are speaking here on behalf of the Canadian Government are you not?—A. Yes.

Q. Now does this statement represent in any way the considered attitude of the Canadian Government as indicated to you?—A. Not directly, No, No.

Q. And so, as I understand it, you simply presented to these gentlemen, those that you did present it to, your own views in the matter?—A. Well, I had reason to know that Government control was very much desired. That was my principle.

Q. Did you have any communications with the Minister responsible, or the Government, during your period in England?—A. Oh yes.

Q. And with the Minister of Trade and Commerce, I suppose?—A. With the Minister of Trade and Commerce, yes.

Q. And also during the negotiation with Sir William Petersen?—A. Yes, during the negotiation with Sir William Petersen.

Q. Are these communications with the Minister, public documents? You have no objection to their being produced, if the Government has none?—A. No, I have no objection to anything I have ever written being produced, in the public intereest.

Q. Did you take any part in the negotiations between Mr. Low and Sir William Petersen—A. None whatever. Perhaps it is better that you should know just exactly what took place. First, when I interviewed Sir William Petersen—I think I have something here that I gave him—I gave him a short memorandum—I may find it later—setting forth the desirability of the Government taking control of freight rates; that the agricultural and industrial life of the country would expand considerably, I thought, under reduced freight rates. It was very desirable that cattle rates should be put upon a more satisfactory basis; that emigrant rates should not exceed £6 or £8; that on something of that kind I thought the Government would be prepared to negotiate; and that the Government should control the rates in every case—and on that basis would enter into an arrangement, or negotiate rather.

Q. Now these subsequent negotiations, whatever they were, took place apparently between Sir William Petersen and the Government?—A. Oh, quite so.

Q. Or did they take place through you as an intermediary?—A. Do you mean over there?

Q. Yes, in England.—A. Over there, when Mr. Low came, I introduced the parties and then I left them. I suppose I am at liberty to say what Mr. Low told me? I don't think he will object.

Q. He will probably speak for himself.

Mr. RINFRET: Mr. Chairman, are we not opening up new matter, the Petersen contract?

The WITNESS: I don't think the Government would object to my statement.

By Mr. Shaw:

Q. The Petersen contract is in connection with this thing. So far as the Petersen contract is concerned, you had no part in that save the introduction of the parties.—A. No, except the knowledge that I had that something was going on.

Q. You would not know, for example, as a result of your own knowledge, the cost of the Petersen ships?—A. No, nothing of that kind at all. I would like to clear that matter right up by explaining that I have no recollection at the moment—In fact, I rather avoided it—of being present at any time when the Government were discussing with Sir William Petersen the details of the contract.

Q. And you would not know anything with regard to the speed of the service that could be given by Sir William Petersen?—A. Nothing at all.

Q. Whether that would be speedier or less speedy than, for instance, the Canadian Government Merchant Marine?—A. No, I would have nothing to do with it whatever, Mr. Shaw.

By Sir Henry Drayton:

Q. Then, Mr. Preston, you were telling Mr. Shaw that you did not have these instructions directly. That is, instructions as to the independent steamships, which remedy you rather preferred. Did you get any instructions indirectly in connection with that to justify that stand?—A. Nothing, outside of—well, I think the remark was dropped when I was leaving, "try and solve the problem."

Q. One time in your evidence, speaking to Mr. Shaw, you said something about some conversation with the Minister, as I recall it?—A. Yes.

Q. Did you have any conversation with the Minister?—A. Just before leaving.

Q. What was that?—A. He asked me—he said, "We are going to send you overseas to see about this steamship business; when can you go?" I said, "I think I can go to-morrow." "Very well," he said, "get ready."

Q. What did he tell you as to what you were to do? Did he give you any instructions then outside the Order-in-Council? We want to see whether there was justification in instructions for this, or whether you were making a government policy over there.—A. Quite so, I appreciate the situation. In any event, I hope I was not making a government policy; that was none of my business, but the question had been an important one with very many people—with yourself, Sir Henry, and myself—and very often discussed, and I thought I was going over there to try and solve the problem.

Q. Did you discuss with the Minister at all these two separate solutions? —A. No, I did not.

Q. You did not discuss that at all?—A. No.

Q. Then, you were telling Mr. Shaw that you had correspondence. I suppose you would report in the ordinary way to the Minister?—A. Oh, I reported; I think I have an interim report here.

Q. I mean by letter, from time to time?—A. Yes, I wrote the Minister.

Q. Did the Minister write you?—A. Yes, the Minister wrote to me.

Q. Will you please produce those letters?—A. The letters were practically all confidential; not all, but pretty much all confidential.

Q. I do not know how we can have anything private and confidential involving the expenditure of $1,300,000 annually of government money, and I think you said a moment ago that they were not private.—A. No, I did not.

Q. That you would produce anything you wrote?—A. I said I have no objection.

Q. So as far as you are concerned are any of these letters private and confidential?—A. They are all marked so.

Q. What is the idea of doing that? What is the new idea of carrying on government business as private and confidential?—A. So long as I can remember, it has been done, Sir Henry.

Q. Then have you those letters here now?—A. No, I have not.

Sir Henry Drayton: Well, Mr. Chairman, I think we should have these letters produced. Perhaps Government Counsel will make a statement as to whether they will be produced or not.

Mr. Symington, K.C.: I cannot make any statement. Whatever the Chairman or the committee direct me to do, I will do. I have never seen these letters but if I am asked to find out if the Minister will produce them, I will certainly do so.

Sir Henry Drayton: I would think the government would be the last party to hold anything back in regard to this thing.

Mr. SHAW: I do not see how a man writing "Confidential" on a letter makes it confidential, because in a public matter surely there cannot be any suggestion of that kind.

The CHAIRMAN: I would think that anything which passed between Mr. Preston and the Minister in charge of the matter is a proper subject for enquiry by this committee. As it is just possible that the Minister might have a different view, I will ask Mr. Preston to bring these letters; I will ask the Clerk to advise Mr. Low, so if there is any objection we may hear it before I actually order their production. That would seem to me to be the fair way to treat the situation.

Sir HENRY DRAYTON: I will let any further questions stand, then.

The CHAIRMAN: I perhaps thought the Minister should be consulted before any are produced, but I will ask the witness to look them up and have them here, and the Clerk has taken note of what I have requested.

Sir HENRY DRAYTON: Of course, I would point out—at least, it is supposed, although perhaps I should not make any definite statement, that this committee now is in charge of this question. It is a question for this committee, it is not a question for the Minister.

The CHAIRMAN: I quite realize that, Sir Henry, and I am not giving my opinion as to whether they should not be produced in spite of a violent objection which might be made by the Minister. I am not saying he will object, but in view of the situation it seems to me I should give him the opportunity of objecting, if there is any ground for objection.

Sir HENRY DRAYTON: Frankly, Mr. Chairman, it seems to me that if they are not produced the committee might just as well stop sitting. If we can only consider the evidence the government thinks we have a right to consider, we might as well stop sitting.

The CHAIRMAN: I have not so ruled, Sir Henry.

Sir HENRY DRAYTON: I will not say anything more to the witness in the meantime.

The CHAIRMAN: Has any other member a desire to question Mr. Preston?

Hon. Mr. STEVENS: Mr. Chairman, before we leave at six o'clock, Mr. Symington protested he had not these rates, but he has at last found them, or the Clerk has found them filed in proper order, the North Atlantic westbound rates. I want to suggest that inasmuch as Sir Henry Drayton's report is referred to, and in it is a very excellent schedule on the very point Mr. Preston sets out in his report, Mr. Scott, the accountant of the committee, together with Mr. Marlow or one of the accountants of the steamship companies, should take this westbound schedule and apply it to this statement made out by Sir Henry Drayton, on page 7, which covers 1910 and 1912. It is not a lengthy one; you can add to it or do anything you like, but let us have that comparison.

The CHAIRMAN: Brought up to date?

Hon. Mr. STEVENS: And it will completely fit into Mr. Preston's conclusions, over which there was so much controversy a moment ago.

The CHAIRMAN: A very reasonable suggestion, which I will be glad to order.

The witness retired.

The committee adjourned.

COMMITTEE ROOM 276,
HOUSE OF COMMONS,
THURSDAY, May 14, 1925.

The Committee resumed at 8.30 o'clock, p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Counsel will pardon the fact that our legislative interfered with our judicial duties. What were we to do this evening? Were we to continue Mr. Preston's examination or have we somebody else present whom you wish to call?

Mr. SYMINGTON, K.C.: I have three or four here.

The CHAIRMAN: Whom are you going to hear first?

Mr. SYMINGTON, K.C.: Mr. Alexander, of the Dominion Organ Company.

The CHAIRMAN: Mr. Alexander came in response to a telegram which was dispatched pursuant to instructions given by Mr. Symington. I think we should have a formal motion.

It was moved by Sir Henry Drayton, seconded by Sir Eugene Fiset that Mr. J. W. Alexander be heard as a witness before this Committee.

JOHN WATSON ALEXANDER, called, sworn and examined.

By the Chairman:

Q. Where are you from?—A. Bowmanville, Ontario.

Q. Your full name is John Watson Alexander?—A. Yes, sir.

Q. Of Bowmanville, Ontario?—A. Yes, sir.

Q. Your occupation, sir?—A. President and General Manager of the Dominion Organ and Piano Company and President of the Piano and Organ Manufacturers Association of Canada.

Q. Now, Mr. Alexander, just repeat in a little more audible tone your business connection?—A. I am President and General Manager of the Dominion Organ and Piano Company of Bowmanville and President of the Piano and Organ Manufacturers Association of Canada.

Q. The Dominion Organ and Piano Company of Bowmanville?—A. Yes, sir, and President of the Piano and Organ Manufacturers Association of Canada.

Mr. MONTGOMERY, K.C.: It has quite a musical sound, the name of that company.

The WITNESS: I am President of the Dominion Organ and Piano Company of Bowmanville.

By Mr. Symington, K.C.:

Q. Now, Mr. Alexander, you wrote a letter, under date of November thirteenth, 1924, addressed to W. T. R. Preston?—A. Yes.

Q. Will you look at Exhibit 68, and see whether that is the letter you wrote? That is in Mr. Preston's report?

The CHAIRMAN: Found on page what?

Mr. MONTGOMERY, K.C.: Let us have the original.

Mr. SYMINGTON, K.C.: The letter he wrote to Mr. Preston. I was asking whether it was a copy.

Mr. MONTGOMERY, K.C.: I think if we are going to have letters we should have the originals here, Mr. Preston's letter and his reply.

Mr. SYMINGTON, K.C.: We have the letter here and the letter he wrote to Mr. Preston.

The CHAIRMAN: Have you got the original, Mr. Preston?

Mr. PRESTON: I have not.

The CHAIRMAN: Will you accept that carbon copy which Mr. Alexander shows?

Mr. MONTGOMERY, K.C.: Have you got the letter from Mr Preston?

The WITNESS: No. I am sorry I have not. He just asked for the particulars of our export business in England.

Mr. MONTGOMERY, K.C.: I will not be able to conclude this witness' examination without Mr. Preston's letter, and he will have to come back if he has not got it. We want to see what sort of an inquiry provoked this reply.

The WITNESS: It is a very, very short letter.

Mr. MONTGOMERY, K.C.: We will know better when we see it. Without imputing any motives to you, your viewpoint and ours might not be the same.

The CHAIRMAN: Has Mr. Preston got a carbon copy of the letter which he despatched to Mr. Alexander or to Mr. Alexander's Company?

Mr. PRESTON: I do not think I have, Mr. Chairman. It is simply a hand written letter. I think it was just a letter reminding him—

The CHAIRMAN: We will not proceed to the proof of what the letter was. If Mr. Montgomery wishes to press the point that the original should be produced we will have to ask for its production.

Mr. MONTGOMERY, K.C.: I think the opening sentence of it makes it doubly necessary.

The CHAIRMAN: Would that be on your files, in your office?

The WITNESS: Yes.

The CHAIRMAN: Would you mind despatching a telegram for it to-night.

The WITNESS: Yes, sir.

By Mr. Symington, K.C.:

Q. This is a copy of your letter, if you will just refer to the Preston Report?—A. Yes.

Q. Now, I notice by this letter that you referred to certain bills of lading, dated October twenty-first, 1924, to the effect that you were paying 30 cents a cubic foot, or $12, a ton, of 40 cubic feet on organs or pianos going to Liverpool. Is that correct?—A. That is correct. The bill of lading is here.

Q. That is the rate you have been paying and are paying at the present time?—A. Yes.

Q. Then, in 1910, you say that you paid on similar instruments 6/9 per ton of 40 cubic feet, which is practically $1.50 per ton of 40 cubic feet, as you will see by the bill of lading?—A. Yes.

Q. So that price of $1.50 per ton, you were paying in 1910?—A. Yes. And in 1912, and for twelve years before. The bills of lading are here.

Q. That is during 1912, and fifteen years before that, the ocean rate on your commodities, organs and pianos, to Liverpool, was $1.50 a ton?—A. $1.64 at par, paying 6/9 at $4.86, which is $1.64.

Q. And the present rate is $12?—A. $12.

Q. Then you say in 1912 and 1913 you paid 12/6, plus five per cent per 40 cubic feet, which is practically $3, per cubic foot?—A. Plus five per cent.

Q. That is, plus five per cent?—A. Yes.

Q. That is, it will be $3.65?—A. Yes.

Q. That was the rate you paid in 1913?—A. Yes.

Q. And you have the bills of lading there to support that?—A. Yes.

Q. So that to-day you say you are paying $12, which is 400 per cent over 1913 and seven hundred per cent over 1910?—A. That is correct.

Q. Then, you deal with rates to South Africa?—A. Yes.

Q. To-day you are paying to South Africa $9.50 per ton?—A. Not to-day. We are paying a little more to-day. We were paying on December 17th, 1924, $10.70 to South Africa.

By the Chairman:

Q. December of last year?—A. Yes, the bill of lading is here.

Q. That is, at the date you wrote this letter you were paying $9.50 but in the middle of December it was increased to what?—A. $10.70.

Q. And that haul to South Africa, you say, is 6,000 miles, at $10.70, as opposed to 3,000 miles on the North Atlantic, at $12?—A. Yes.

Q. Now, prior to the war, what was the extent of your business to Liverpool?—A. A carload a week, containing eighteen instruments; practically 800 to 1,000 organs a year, for many years.

Q. That is when the pre-war rates were on you would ship a car a week?—A. A car a week, containing 18 organs.

Q. What are you doing now?—A. Practically nothing.

Q. Practically nothing?—A. No.

Q. Has the ocean rate anything to do with it?—A. A great deal. It is not only prohibitive—it has not only restricted the business but it is practically prohibitive.

Q. It has not only restricted but it is practically prohibitive to your business?—A. Yes.

Q. Now, is there anything else you want to say, Mr. Alexander, with reference to ocean rates?—A. Yes, sir.

Q. What is it?—A. There were other restrictions on this business that were never known before the war. They made a rule that no instrument must be exported under the rate of $12 above the value of $150. I fought that out with them for months, pointing out to them that if an instrument cost more than $150 they were getting the benefit. It did not matter to them if an instrument cost $1,000 or $100, because an instrument costing $150 would measure twice the number of cubic feet as an instrument costing $75. They put that restriction on us, that we could not export a musical instrument of a value of $150 at $12 even. I don't know what they might ask on anything over that value; they might ask $20, because we have paid $20 to Liverpool.

Q. In recent years?—A. In 1920.

Q. You do not know what rate they will charge then for an instrument worth more than $150?—A. I know now, if you will allow me to read a letter which I wrote to the Robert Reford people. I wrote them, and they brought it before the Conference, and then they wiped that out. The Robert Reford Company wrote to me on August 7th, 1924, as follows:—

"TORONTO, August 7th, 1924.

The Dominion Organ and Piano Co. Ltd.,
Bowmanville, Ont.

Dear Sirs,—Referring to our recent correspondence regarding rate on organs to United Kingdom ports.

We beg to advise this rate has now been fixed at 30 cents per cu. ft. eliminating the value.

We trust this will enable you to extend your business and shall be glad to hear from you in connection with any bookings you wish to make.

Yours truly,

THE ROBERT REFORD CO. LTD."

Q. You wrote the Robert Reford Company when?—A. The first letter I wrote them in reference to that was on June 30th, 1924, and I got their decision on August 7th, 1924.

Q. It was referred to the Conference?—A. As their correspondence here will show.

Q. Is there anything else you wish to say?—A. Yes. I may say that Canada and the United States controlled the organ business of England in pre-war days. Now the United States seem by some means to get their instruments carried over for less than we are able to get ours carried. They may be able to get tramp steamers, or some other Lines outside the Conference, but we have not been able to do so, because tramp steamers do not carry general cargo, as is well known to all ocean shippers.

Q. Or they may be able to get non-Conference Lines to handle the traffic?—A. We are handicapped to that extent by the Americans. I sent some correspondence here, showing that the reason for the falling off in the organ business was that there was no doubt we had trebled our prices and that they were not being bought in England. But I have some statistics here to show that during the month of November, 1924, the United States exported the following: 417 pianos; 1,128 player pianos; 128 organs, and these figures make the total for the 11 months ending November 30th, 4,447 pianos, $1,142,874; 10,150 players, $3,197,000, and 1,313 organs at $132,643. I maintain that at least one-half of those should have gone from Canada.

Q. You were able to compete?—A. We were able to compete.

Q. Before the war?—A. Before the war—easily.

Q. Is there any reason, from a manufacturing standpoint, why you cannot compete now?—A. I could if I had a reasonable freight rate. I can stand a 300 per cent increase, but a 700 per cent increase is outrageous.

Q. Is there anything else you want to say?—A. Nothing in particular.

By Mr. Montgomery, K.C.:

Q. Mr. Alexander, where did you get your information that the United States manufacturers are getting cheaper ocean rates than you are?—A. I got it from our customers in Glasgow.

Q. Do you know what lines or boats those were shipped by?—A. I don't know, but I suppose all the lines that are running out of the United States.

Q. We are getting a lot of useful information in this inquiry, Mr. Alexander, and shipping men tell me that they cannot tell what lines they are getting rates from?—A. Perhaps they control them all.

Q. I do not wish to argue the question with you, but we have it in evidence that the Conference rates are the same from American ports as from Canadian ports?—A. I have no evidence to that effect.

Q. You say you have no evidence to that effect?—A. No.

Q. Have you any evidence to the contrary, because we have evidence to that effect?—A. Then I will give way to you and say you are correct, because I have no evidence one way or the other. I know our Glasgow agents are able to import musical instruments from the United States at lower rates than we are. They have tramp steamers there carrying chilled cargo, and they do not carry chilled cargo from Canada.

Q. Is it your information that they have tramp steamers running from New York carrying general cargo?—A. Or to Liverpool; they can tranship from Liverpool.

Q. When you had finished paying your transhipment charges from Liverpool to Glasgow, where would your advantage be?—A. It could stand that easily, with lower rates from New York.

Q. Do you know what they are from New York?—A. No, but I do know what they are from Canada.

Q. But we are taking everything and meeting the difficulties you are under as contrasted with the American exporter. Have you any personal knowledge of the ocean and rail freight that it costs the American manufacturer?—A. None whatever. I know it does not cost as much normally by water from Liverpool to Glasgow. I have had them transhipped from there, but my memory cannot serve me now to tell you what it was.

Q. You have told us that you had certain bills of lading for the periods to which you refer?—A. Yes, sir.

Q. Will you exhibit them to me, please?—A. Here they are—(produces bills of laden). The dates are consecutive.

Q. Have you the invoices for the goods covered by the bills of laden? —A. No, sir, but I have the discount sheets here that apply to the invoices.

Q. They may do, perhaps, if you will show them to me until I see what they are.—A. There is the present discount. The list never alters, but the discount changes. There are the present prices, and the prices during pre-war days. The 75 and 10 was our discount, and it never exceeded 80 per cent for ten years before the war, while the present discount is 60 per cent off that list.

Q. When you are sending down the letter which you are asked to forward, will you send down the invoices corresponding to the bills of lading which you wish us to examine?—A. I will have great pleasure in doing that for you.

Q. I notice that a number of these bills of lading, without having checked them all, were for shipments from Portland?—A. That is the port we ship from in winter.

Q. That is your winter port?—A. Yes, sir. That is where the Canadian National Railways want to carry them.

Q. Are you able to tell us, from anything which you have in your possession, what the value of the organs was landed in England or Glasgow, or wherever they were to go?—A. You can see by that price list. There are so many styles and prices that it would be impossible for me to tell you without the list, but by taking 60 per cent off you will get the value of all the designs.

Q. We will get all that from the invoices, will we not?—A. Certainly.

Q. Then we will not take up any time with it.

The CHAIRMAN: Mr. Montgomery, will you ask the witness a general question? Taking the year 1913 and to-day, how do his prices compare; are they twice as much as they were then, or half as much again?

The WITNESS: The discount in 1913 was 75 per cent and 10 per cent, and to-day they are 60 per cent.

By Mr. Montgomery, K.C.:

Q. Were they 100 then and 200 now?—A. They are practically about double, hardly double. The freight on an organ costing $75 is about $25.

By the Chairman:

Q. To-day?—A. Yes, sir, to-day.

Q. As against what?—A. 60 feet as against $4.50.

By Mr. Montgomery, K.C.:

Q. Where are these American organs made that are exported?—A. They are made in Boston, Baltimore, and several other places I can remember. We are not the only exporters of organs. There are three or four others who are right out of the market as well as ourselves.

Q. How would their prices compare with yours considering the styles, the work, and so forth?—A. I am not acquainted with the prices of my opposition, but I imagine they would be very near ours.

Q. Well, if you have this—what do you call your Conference that you are president of?—A. The Canadian Piano and Organ Manufacturers' Association.

Q. You must have a pretty good idea of what the prices of the other members of the Association are?—A. They do not divulge their prices. That Association is merely to combat this sort of thing.

Q. Well, all right, you have an Association to combat this sort of thing? —A. Yes.

Q. Then you must be fairly well familiar with the styles of your several organs as regards shipping space anyway?—A. Yes, quite familiar.

Q. Why I ask that question, Mr. Alexander, is that I have the actual amount paid for all the organs shipped by one line of steamships to the United Kingdom during 1924 and I do not find anything yielding anything like a $20 rate or a $25 rate. Was it $25 or $20 you said?

The CHAIRMAN: I think he said $20. The witness has handed me a list of bills of lading, which he has produced, and the price paid per forty cubic feet, is it?

The WITNESS: Yes.

The CHAIRMAN: Which runs from $1.64 in 1912 up as high as $20 in 1920, and which is down in October to $12.

By the Chairman:

Q. Do I understand that this statement, which you have handed me, Mr. Alexander, corresponds with the bundle of bills of lading?—A. Yes, each bill. They will be all found there.

The CHAIRMAN: It may save time to put this in. Are we putting this in, Mr. Symington or Mr. Montgomery?

Mr. SYMINGTON, K.C.: It may as well go in.

Mr. MONTGOMERY, K.C.: I do not care whether they are on the record or not. It is just that he has them here and he gets the invoices to correspond with them and then we can release them to him.

EXHIBIT No. 71

January 13, 1912, Liverpool, 6/9 per 40 cubic feet..	$ 1 64
January 31, 1912, Liverpool, 6/9 per 40 cubic feet..	1 64
October 30, 1912, Liverpool, 12/6 plus 5% cubic feet..	3 00 plus 5%
August 3, 1914, Liverpool, 10/6 per 40 cubic feet..	2 52
August 7, 1915, Liverpool, 40 S plus 5% cubic feet..	9 60 plus 5%
December 19, 1919, Liverpool, 50 cents per cubic feet..	20 00
January 27, 1920, Liverpool, 50 cents per cubic feet..	20 00
May 19, 1920, Liverpool, 50 cents per cubic feet..	20 00
March 17, 1920, Liverpool, 50 cents per cubic feet..	20 00
June 3, 1920, Port Elizabeth, South Africa..	20 50
April 6, 1920, Liverpool, 50 cents per cubic feet..	20 00
March 8, 1922, Liverpool, 25 cents per cubic feet..	10 00
December 17, 1924, East London, South Africa..	10 70
August 12, 1924, Glasgow, Scot., 30 cents per cubic feet..	12 00
October 21, 1924, Liverpool, 30 cents per cubic feet..	12 00

By Mr. Montgomery, K.C.:

Q. You have a list of these?—A. I have copies of them.

Q. We can return them to you?—A. Yes.

By Mr. Duff:

Q. Is the freight based on values?—A. No sir, on measurements. They did limit the value to $150.

Mr. DUFF: Why do you want the invoices?

By Mr. Montgomery, K.C.:

Q. Why I asked you the question about the measurements, Mr. Alexander, is that I have, as I say, a list of all the organs carried by one of the lines during the year 1924, and they run on an average of about forty to forty-seven cubic feet.—A. That is right.

Q. And the amount of freight earned is about $14 an instrument.—A. $12 for forty cubic feet. But the instrument costing $75 will measure 75 to 85 cubic feet. The more expensive the instrument the larger they are.

Q. Perhaps we had better keep that until we get your invoices and we will know what classes of organs we are talking about. I would like to get your opinion, Mr. Alexander, as to the extent to which the development of gramophones has affected the market for organs here or in Glasgow.—A. In Great Britain the phonograph is not popular. And it is a well known fact that the miners of Great Britain are the greatest customers for organs. They are not content unless they have an organ for sacred music and a piano for secular music. Then as far as the phonograph is concerned, the Englishman and I think the Scotchman too, look upon it as " canned music " and it is not popular. I think you could enter a thousand houses and not find one phonograph, in a thousand houses all throughout the United Kingdom. They are not so crazy on phonographs as the Canadians and I am very glad they are not.

Q. You are obviously not a manufacturer of phonographs or gramophones? —A. I am. I make the best.

Q. Then you are not pressing that end of the business?—A. I could not sell them in Great Britain. I don't believe you can give them away there, and mine are superior to anything on the market. I have patents on them. I am sending one now as a sample to London, at the request of large exporters in Toronto, but I told them before I sent it that the Englishman, and the educated Englishman particularly, does not want to hear " canned music."

Q. Perhaps the miners are hard up now?—A. They are not generally hard up. They generally work three days in the week and enjoy the other three spending what they make the first three. That is a well know fact. Sir William Petersen will bear me out in that. I have lived too long among them not to know their habits.

Q. What about the radio? Couldn't they get both their secular and religious music over the radio?—A. They can get jazz and everything.

Q. But seriously, has not that affected the sale of organs?—A. No sir. It has not, not even in Canada. The radio is a passing fad. You cannot get what you want, and you are not to punish the musical education of a family by introducing radio and nothing else. You want your daughter and your son to be able to play some kind of musical instrument, and the radio will never teach them to do that.

Q. Well, Mr. Alexander, I think we will have to suspend your examination until we get the letter you are going to send us and also the invoices?—A. I will be glad to send you all those.

The CHAIRMAN: You do not want Mr. Alexander to stay?

Mr. MONTGOMERY, K.C.: No, I think I can get along without him.

The WITNESS: No, I have been here long enough; I have been here three days.

Mr. MONTGOMERY, K.C.: Surely not. If you will send us down the letter that will be sufficient.

The WITNESS: I will be glad to do that.

The CHAIRMAN: Then we will discharge Mr. Alexander with the thanks of the Committee for the interesting information he has given us.

Mr. DUFF: The best we have had.

Witness retired.

Mr. SYMINGTON, K.C.: I will call Mr. McLean.

WILLIAM JAMES MCLEAN: Called and Sworn.

By the Chairman:

Q. What is your full name, Mr. McLean?—A. William James McLean.
Q. And your home, sir?—A. Toronto.
Q. And your business association?—A. Shipping clerk, Massey Harris.

By Mr. Symington, K.C.:

Q. Mr. McLean, for Sir Henry Drayton's benefit, who is the largest manufacturer of agricultural implements in the world?—A. In the world? Or under the British flag?

Sir HENRY DRAYTON: In the world, I always thought it was the International Harvester, and I think I am still right. In the world is what you said?

The WITNESS: Correct. The International Harvester.

Sir HENRY DRAYTON: Everybody knows that. Or at least everybody should.

Mr. SYMINGTON, K.C.: I thought they had broken up all those combines.

By Mr. Symington, K.C.:

Q. Dou you export agricultural implements, Mr. McLean?—A. Largely.
Q. To what countries?—A. Every country that they grow grain in.
Q. Have you a schedule of rates, or what rate did you pay to the United Kingdom in 1914 or 1913?—A. I see it is listed on page 18 of the report here. The figures there are identical with what we paid at that time.
Q. That is page 18 of the Preston report?—A. Yes.
Q. And that shows that to London in 1910, you paid $2.25.

The CHAIRMAN: For what?

The WITNESS: Per cubic ton, weight or measurement.

Mr. SYMINGTON. K.C.: Weight or measurement.

By the Chairman:

Q. Perhaps you would explain that term. I do not know what it means. —A. I should not have said cubic ton. All ocean rates are: "Weight or measurement, ship's option." They charge you on whatever they can get the most out of.

By Mr. Symington, K.C.:

Q. In 1912, $2.90 per ton, weight or measurement?—A. Correct.
Q. In 1914, $3.20?—A. Correct.
Q. In 1923, $6?—A. Correct.
Q. In 1924, $10?—A. Correct.
Q. That is the increase from pre-war 1914 is from $3.20 per ton, weight or measurement to $10 per ton, weight or measurement?—A. Correct.
Q. Now are the rates to the Continent more or less than the rates to the United Kingdom?—A. At the present time the United Kingdom rates are higher.
Q. Are the figures shown in page 18, to Hamburg and Antwerp correct? —A. Correct, yes.
Q. That is the rates to-day are—A. 1924.
Q. London $10; Liverpool $10; Havre $6; Hamburg $9; and Antwerp $8? —A. Yes.

By the Chairman:

Q. Might I just interject there, Mr. McLean, those are for 1924. Is there any difference in 1925?—A. In some instances. In 1925 those rates are the same.

By Mr. Symington, K.C.:

Q. Now then, do you know anything about the rates to the Argentine? —A. We do.

Q. What are the rates there?—A. At the present time they are $7 by freight steamers, and 10 per cent higher by passenger steamers.

Q. That is, you have a different rate?—A. That is to Buenos Aires only.

Q. You have a rate of $7 on cargo steamers, and a rate of 10 per cent higher on passenger steamers, or a rate of $7.70 per ton?—A. Correct.

Q. What is the distance, comparatively, between Canada and the Argentine and Canada and the United Kingdom?—A. I could not tell you in miles, but a steamer crossing the Atlantic will take probably from eight to ten or twelve days, and a steamer going down to the Argentine, a freight steamer, will take from 25 to 32 days, and a passenger steamer will go down in from 19 to 21 days.

Q. Take two of the same class, it is from eight to ten days, as opposed to 19 to 21 days?—A. Correct.

Q. And the rates are $10 for the shorter distance, namely to the United Kingdom, and $7 to $7.70 to the Argentine?—A. Correct.

Q. What about South Africa?—A. South African rates—I do not know whether that rate should be made public, Mr. Chairman. All rates are not the same to South Africa, and while I have no objection to the Chairman knowing what they are, and what we pay, the rates are different for the various steamers operating.

Q. You need not say who operates them. Would that suit you; you need not say who quotes the rates, but could you give us the two rates without naming any lines?—A. To Cape Town, in 1924, the basic rate—which is Cape Town—was $7.50 in one section and $9.50 in another.

Q. $9.50?—A. Yes. In 1925, that $9.50 rate has gone up higher. I am not just sure, but I think it is up now to about $11.50. There is a difference of $4 a ton between the two of them, anyway.

Q. Do you know what the distance to South Africa is?—A. I do not. It is a 28-day trip from Montreal by the Elder-Dempster line, and I assume it is approximately the same from New York.

Q. 28 days?—A. It might be slightly longer.

Q. What about Australia?—A. The Australian rates, I think are special to the Agricultural trade, and I think they would be better not mentioned here, if I might have that privilege, Mr. Chairman.

The CHAIRMAN: Just why not, Mr. McLean? You see, what we are trying to do is to arrive at whether the rates as between one point and another are fair; at least, that is the object of the questions which are now being asked you. I think I will ask you to tell us that.

The WITNESS: Mr. Chairman, might I answer that question by saying that they are less than $10?

The CHAIRMAN: That is about as good as saying it is as big as a piece of wood.

Sir HENRY DRAYTON: Mr. Chairman, there is a peculiar situation in Australia, arising out of market condition, which anyone who is at all familiar with the transportation knows about. There is a good deal in what the witness says. We are giving the companies a chance of being heard in camera, and I

do not think we should get out any of this company's private business without giving them the same chance which we give to the transportation companies.

The CHAIRMAN: That is fair enough.

Mr. SYMINGTON, K.C.: I would suggest that you write the figure and give it to the Chairman.

Sir HENRY DRAYTON: No, the only way you can get that at all is by taking it up in camera, because if the figure is made known the other people have a right to examine on it.

By Mr. Symington, K.C.:

Q. In any event, I can fairly say it is below the rate to the United Kingdom?—A. Yes.

Q. And has there been any increase in that rate over a number of years?—A. That rate has held for three years, 1922-3-4.

Q. So from the figures you give us on all these countries, the North Atlantic is the shortest and highest rate; the shortest distance and the highest rate?—A. (not audible).

Q. And am I correct in looking at your figures and saying that the United Kingdom rate is nearly four times what it was in 1910?—A. Yes, that is correct.

Q. And over three times what it was in 1914?—A. Correct.

By the Chairman:

Q. May I ask this question, Mr. McLean. Is the volume to South Africa or Australia or the Argentine greater or less than the volume of shipments to the United Kingdom?—A. Australia is greater; Argentine is greater; South Africa is probably less.

Q. Is there such difference between the volume of the exports to these different countries to warrant a substantial difference in the cost of freight?—A. I rather think that is a question I could not answer very well, Mr. Chairman.

Q. Might I put it this way. Are all the shipments of substantial volume?

Sir HENRY DRAYTON: What is that?

The CHAIRMAN: He can tell me.

Sir HENRY DRAYTON: I do not know what is a substantial volume.

The CHAIRMAN: He will tell us.

Sir EUGENE FISET: A full cargo.

The CHAIRMAN: No, I would not say a full cargo.

Sir HENRY DRAYTON: That is what one member of the committee thinks it is. You are asking the witness to give us what a substantial volume is.

By the Chairman:

Q. You might give us in round figures what your export shipments would be to these three or four different countries.

Mr. SYMINGTON, K.C.: What I think you are trying to get at is, is there any great difference in the amounts shipped to these various countries.

The WITNESS: I have not the figures before me, but I can give you some figures which may be helpful. Take the United Kingdom trade; it varies from 2,000 tons a year to 8,000 to 10,000. The Argentine is beginning to grow a little, and it varies from 2,000 tons to 15,000 tons a year. The South African trade varies very greatly; it has been as low as less than 1,000 tons and it has been up to 3,000 to 4,000 tons, spread over the year.

By Mr. Symington, K.C.:

Q. And the Continental?—A. The Continental, as I said, varied—did you say the Continental?

Q. Yes?—A. The Continental. I can hardly make a guess at that; it will run probably all the Continental ports will run anywhere from 10,000 to 20,000 tons a year.

By Mr. Johnston:

Q. What about Australia?—A. Australia varies very greatly. It has been as low as 7,000 tons and it has been as high as 30,000 tons.

By Mr. Symington, K.C.:

Q. In connection with the United Kingdom or Continental rate, then, what is the result, in your judgment, of these rates, insofar as your competition is concerned?—A. That is a very hard question for me to answer. Mr. Chairman, in connection with my particular end of the work, which is shipping. I do not know that I can give a clear answer to that. I am not in a position to say whether it affects the sales or not.

By the Chairman:

Q. I suppose the general theory would be that the cheaper you can get your goods to market the more advantageous is the seller's position?—A. That is the theory of the proposition.

By Mr. Symington, K.C.:

Q. What I was directing my question to, you can tell me if I am wrong—are there manufacturers of agricultural implements in Great Britain?—A. There are.

Q. Are there manufacturers on the Continent?—A. There are, quite a number of them, and there are manufacturers in Australia as well.

By Mr. Johnston:

Q. Do they manufacture the same line of machinery as you ship there?—A. They do.

By Mr Duff:

Q. The volume does not affect the freight rate, does it?—A. I could not tell you that. That is something the steamship people would have to answer.

By Mr. Symington, K.C.:

Q. Now, Mr. McLean, I notice that by Exhibit No. 11, page 33, under date February 4th, 1924, you had the honour—the only case I can find—of addressing the North Atlantic Conference. Is that right?—That is correct.

Q. I find this entry—

Mr. SHAW: What was the date?

Mr. SYMINGTON, K.C.: February 4th, 1924, in Montreal, where the Conference met on that occasion, instead of New York.

By Mr. Symington, K.C.:

Q. The entry is as follows:

> "Agriculiural Implements—Request having been received from Mr. McLean representing Massey-Harris & Co., manufacturers of Agricultural Implements to address the meeting, he was invited to attend and spoke at some length with regard to rates of ocean freight and general conditions of their export business to the United Kingdom. Mr. McLean then withdrew."

Will you kindly tell the committee how that took place, and what happened?—A. We heard that there was to be a meeting of this Conference, and having earlier asked for consideration of the United Kingdom rates, I went down there. I was told that it was not possible to be heard, but having some good friends—

By Mr. Halbert:

Q. They were not all deaf?—A. Apparently not. I was given an opportunity of presenting our case, and did so. The results, however, were not as much as we had anticipated.

By Mr. Symington, K.C.:

Q. What were the results?—A. We got a letter a little later saying the matter had been considered and that the rates would stand.

Q. I understand they tell you you are the only person who ever got in? Is that right?—A. That is what they tell me. I do not know whether it is right or not.

The CHAIRMAN: Apparently getting in does not mean very much.

Mr. MONTGOMERY, K.C.: Mr. Marlow says that is quite correct.

Mr. SYMINGTON, K.C.: The witness answered the question, and said that he was told. It may not be so.

Mr. MONTGOMERY, K.C.: But that suggestion is intended to be given some weight, or it would not be made. If it is not correct it should not be made.

Mr. SYMINGTON, K.C.: If you can show me any other cases in the minutes—

Mr. DUFF: Was he in or out?

Mr. SYMINGTON, K.C.: He was in for a minute.

Mr. MONTGOMERY, K.C.: I am told that that same afternon, for instance, the Conference met a committee of the packers.

By the Chairman:

Q. Let me just ask this question. Mr. McLean, from whom did you hear that you were in a somewhat privileged position in being allowed to address the Conference? Was it from steamship people or others?—A. Steamship people.

Mr. SYMINGTON, K.C.: There is no record in this February 4th meeting of anybody there but Mr. McLean. There may have been, but there is no record of it.

Mr. MONTGOMERY, K.C.: Mr. Marlow is here, and he gave me that information.

Mr. SHAW: I understood Mr. Marlow to say in his evidence that sometimes representatives met a committee of the Conference, so it may be that this gentleman met the Conference.

Mr. MONTGOMERY, K.C.: That may be it.

Mr. SYMINGTON, K.C.: That is just what Mr. Marlow told me, but this gentleman met the Conference.

The WITNESS: That is what was told me, I do not know. There were some 50 or 60 there, but I do not know whether that comprises the Conference or not.

By Mr. Duff:

Q. You are still alive?—A. I got out fine.

By Mr. Symington, K.C.:

Q. With respect to the next question, I am going to ask that the names of the steamship lines be not told. Now, are you able to ship out of American ports at a lower rate?

Mr. MONTGOMERY, K.C.: I do not know that we can undertake that.

Mr. SYMINGTON, K.C.: He is on his oath, and he is going to give the rate.

Mr. MONTGOMERY, K.C.: I am not reflecting at all upon his oath, but there are so many different factors to these things that we could not allow evidence of that sort to go in unless we could check it in some way.

Sir HENRY DRAYTON: We have already stopped the examination into one line of questions because it would hurt the business. Why not let this be taken up in camera also?

The CHAIRMAN: We will hear that aspect of the case in camera. I think that would be the fairest.

By Mr. Symington, K.C.:

Q. I will get it this way, then. You can ship out of United States ports at a lower rate than out of Canadian ports?

Discussion followed.

Sir HENRY DRAYTON: Let us go into camera now.

Mr. SYMINGTON, K.C.: Yes, let us go into camera now and finish it up. It will not take more than a minute or two.

The CHAIRMAN: We will have to have the room cleared, and everybody retire excepting the members of the Committee, Counsel, and, of course, the witness.

Whereupon the Committee went into executive session and its deliberations proceeded in camera.

The Committee having resumed its sitting in public.

By Mr. Symington, K.C.:

Q. Now, Mr. Caldwell, I notice on page 20 of Mr. Preston's report, you wrote a letter on July 3rd, 1924?—A. Yes.

Q. Have you a copy of that letter?—A. No, I have not.

Q. What is the rate upon canned goods from California to the United Kingdom?—A. The rate from California at the present time, to the United Kingdom, is 60 cents a hundred pounds, strapped.

Q. 60 cents strapped?—A. Yes, sir.

Q. And I suppose you do compete with the California canned goods?—A. Well that is one of the main competitors.

Q. The main competitors are, the eastern American competition and the California competition?—A. Yes.

Q. And the California shipper gets a rate from the Pacific Coast of 60 cents strapped?—A. Yes.

Q. That being a haul, Mr. Caldwell, of approximately 5,000 miles through the Canal, if it goes across the Atlantic.—A. That is what I figure approximately.

Q. Now I understand that you think your rate was too high compared to the provision rate, that is bacon and so on?—A. Well, we do, considering the element of risk that enters into packing house products. In our goods, the primary reason for packing or canning goods is to preserve the goods to enable transportation and marketing the whole year round. Now our goods are not of the same perishable nature as the packing house products and we think we should have a slightly lower rate than the packing house rate.

Q. Theirs I think is fifty and yours is sixty strapped?—A. No, ours is sixty unstrapped.

Q. And fifty strapped?—A. Yes.

Q. How do canned goods stow? Do they stow well in a boat?—A. Well, we have always heard that remarked, that they are desirable freight; that is, that it is desirable freight to stow.

Q. On the basis my friend asked you about, you said the freight was fifteen per cent of the value. That is the value at the factory, not on the other side? —A. Yes, fifteen per cent of the value of the goods.

Q. What is it for laid down?—A. I was taking the newspaper report of one of the representatives and he said it was 2·2.

Q. As opposed to 15?

Mr. MONTGOMERY, K.C.: Are you not comparing a laid down price with a factory price?

Mr. SYMINGTON, K.C.: It would be less if it took 2·2.

Mr. MONTGOMERY, K.C.: No, the contrary.

Mr. SYMINGTON, K.C.: I think you gave us the figure of three something in the evidence.

Mr. MONTGOMERY, K.C.: Yes, and it would be very interesting to see what the fifteen came down to when you get the laid down price on the other side.

The CHAIRMAN: They add the freight to it anyway.

By Mr. Symington, K.C.:

Q. Is there anything else you want to say, Mr. Caldwell?—A. No. The reason I appeared before this Committee, no doubt is the letter I wrote regarding the fresh apple rate being 90 cents a barrel, and considering the fact that a barrel of apples is between seven and eight cubic feet, that is my understanding, as against two cases of apples weighing 2·66 per 100 pounds, figuring on a cubic foot basis, we were paying fifty per cent higher rates.

Q. Than the raw apples?—A. Than the fresh apple.

Q. That is, you think the differential hurts your manufactured goods?— A. Well considering the fact that the two lines are competitive, there ought to be some kind of an equal basis established.

By Mr. Montgomery, K.C.:

Q. That is, fresh apples against the other?—A. Yes.

By Mr. Flintoft.

Q. You have had the same thing up before the Railway Commission, have you not, Mr. Caldwell?—A. No, that was another question.

Q. Were you not seeking the same rate on canned apples as raw apples or a relative rate?—A. No, the question that was before the Board was dealing with apples going into canning factories for canning and reshipping in crates as against in bulk and carloads.

Q. But you were using the same argument there that you do here?—A. No sir.

The CHAIRMAN: Some question arose as to the relative distance between Niagara Falls, Ontario, to Montreal, and Niagara Falls, New York, to New York City. One of the clerks has taken the Canadian National Railway time-table and on his calculation the distance from Niagara Falls, Ontario, to Montreal is 416·26 miles. Niagara Falls, New York, to New York, 447·60 miles. Which is just about the 30 miles difference that Mr. Caldwell spoke of.

The WITNESS: Might I ask, Mr. Chairman, what line was that figured over, was that the Short Line from Niagara Falls to New York, or the Lehigh?

The CHAIRMAN: The clerk will look that up and answer that question. Anyway, on the face of it, Mr. Caldwell was not far wrong.

Mr. SYMINGTON, K.C.: Any questions?

Mr. MONTGOMERY, K.C.: No.

Mr. SYMINGTON, K.C.: That is all then, Mr. Caldwell.

Mr. MONTGOMERY, K.C.: Excuse me just a second.

By Mr. Flintoft:

Q. Mr. Caldwell, in connection with the laid down price of canned goods in the United Kingdom, my information is that it is approximately 200/– per cwt. of 112 pounds. Have you any idea as to whether that is approximately correct or not?—A. Including the cost of the goods?

Q. Oh yes, the laid down price of the goods including everything.—A. What class are you referring to?

Q. Canned goods, anyway.—A. That covers an awful range.

Q. Take your own, because yours are about as high as any, are they not? We will take apples. They are about as high as any canned goods that go over there?

The CHAIRMAN: Surely pears and peaches are worth more.

The WITNESS: That is as the Chairman says, the fruits with a heavy syrup or a syrup of any kind, with the sugar, are much more valuable.

By Mr. Flintoft:

Q. I am willing to take this price for them all. You say they are as high as any. This is the figure I got for your product, and I want to know whether it is approximately right or not.

The CHAIRMAN: Do I understand you to say apples are as high in price as any other products?

The WITNESS: No.

By Mr. Flintoft:

Q. Take the peaches, then.—A. The apples I referred to were $3.30 per two cases, at the factory.

Q. What price do you get for them in England?—A. Add forty cents for inland rate, and you can add your fifty cents plus the cost of scrapping, which really figures out to about ten cents, or about sixty cents altogether.

Q. Which is really a dollar in addition?—A. Yes, $4.30.

By Mr. Symington, K.C.:

Q. For how many?—A. Two cases, one dozen.

By Mr. Flintoft:

Q. Two cases of one dozen each?—A. There are only six cans to the case.

Q. Weighing how much?—A. One hundred pounds to the two cases.

By Mr. Montgomery, K.C.:

Q. There are other amounts to add besides that, are there not? Agents' commission and insurance?—A. Yes, the insurance. You know, that does not cut a terribly big figure, the insurance.

Q. Can you not get your laid down price?—A. Yes, I can get it.

Mr. SYMINGTON, K.C.: Get it and send it down to us.

By Mr. Flintoft:

Q. I suppose it would run around $5 would it?—A. Oh no, it would be lower than that.

Q. It would?—A. Yes sir.

Mr. FLINTOFT: This witness will send the laid down prices.

Mr. MONTGOMERY, K.C.: Yes. Now, I want to make an application as to another witness.

The CHAIRMAN: We are not going to keep this witness, then; he is going to send this information down. I will discharge him and thank him for the interesting information he has given the committee.

The witness retired.

Mr. MONTGOMERY, K.C.: With your consent, Mr. Chairman, and that of my learned friend, I would like to ask Mr. Middleton one or two questions. He is leaving for the other side to-morrow. I just happened to find out accidently that his lines carry butter from New Zealand and also from Vancouver, and I thought it might be interesting to get perhaps more accurate information than we have been able to get so far. I was not aware of that before. He was not at the sitting at which we discussed these things, and did not know they had been discussed.

JOHN ROBERT MIDDLETON recalled.

By Mr. Montgomery, K.C.:

Q. Mr. Middleton, I understand the lines of which you have spoken carry butter from New Zealand and also from Vancouver via the Panama?—A. Yes, we have a regular service from each place.

Q. Will you please tell us a bit about it. Tell us first about New Zealand and afterwards about Vancouver.—A. I understand in regard to our steamers from New Zealand that the butter associations contract for the whole of the space available for butter, and they agree to pay for that space whether they occupy it or not. Naturally, having undertaken to pay for the space, they take the fullest advantage of it and it is very rarely that there is much vacant space at all on the steamers from New Zealand.

Q. Now, what about Vancouver?—A. On the Pacific Coast we introduced a service about three or four years ago with some special types of ships which we built for that trade.

Q. And that was put in specially, under an arrangement with the people there?—A. These steamers were fitted specially with cooled-air space, which at that time was something new. The butter people on the other side approached us in regard to a rate. It was arranged between the butter shippers and our people on the other side that if they would take advantage of the cooled-air space which the steamers had, we would give them the same rate as we were charging butter shippers out of Montreal. They agreed to do that, and they lived up to their promise. They did not take the fullest advantage of that space, seeing it was only a promise on their part, and they did not have to pay for any unoccupied space, but from the information given to me they have, during the last three years, occupied about 80 per cent of the space provided.

By Sir Eugene Fiset:

Q. At $1.50?—A. $1.50.

By Mr. McKay:

Q. Have you had that contract for a number of years?—A. We have no contract at all; the cargo is booked probably a fortnight or three weeks ahead.

By Mr. Symington, K.C.:

Q. Mr. Middleton, how long does it take your steamers to make a round voyage to New Zealand?—A. I think about ten to eleven weeks, sometimes longer.

Q. Ten to eleven weeks?—A. Yes.

Q. I have just sent for the Imperial Shipping Committee report on the New Zealand investigation, where they show that the average is over six months.—A.

That may be. Sometimes steamers call at three or four ports in New Zealand, and they are delayed there quite a long time. It is quite a usual thing.

Q. Do you tell us your steamers get their loads at one port?—A. No, they do not all load at one time, but the average time for a voyage to New Zealand would not be more than, at the outside, I should say, twelve weeks or three months.

By Hon. Mr. Sinclair:

Q. Is that the round trip?—A. Yes.

By the Chairman:

Q. What lines are you speaking of?—A. I am speaking of the Houlder Line interests.

By Mr. Symington, K.C.:

Q. I think that is mentioned in this report.—A. There is one point in connection with that trade which I might explain. That is, that the steamers are often delayed a great deal in unloading, when they get to the home country. They carry a great deal of frozen meat, as you know, and they are probabiy held up in Continental ports and British ports as well in getting rid of their cargoes.

Q. According to the finding of the Committee, the steamers running to New Zealand made an average of 1·6 trips a year?—A. It may be so, in taking the average they have probably searched more deeply than I have. I am giving the information as I have it. I have not seen the voyage accounts for some time, and my recollection is that they take about ten to eleven to twelve weeks.

Q. That includes loading and discharging?—A. Yes.

Q. The report says that the difficulty is that the boats have to call at a very large number of ports in order to get this butter and other produce; that they have so many different marks, sorting it, and so on, that it is a very long and expensive business.—A. That is so, too, in that particular trade.

Q. And the same thing in unloading?—A. That is so. It is peculiar to that particular trade.

Q. Yes. I read from page 677 of the report of the Imperial Shipping Committee, 1922, volume 8, and the actual figures supplied to the Committee give, for two companies, an average of 1·6 voyages per annum only; 1·8 for five passenger steamers. Is yours a passenger steamer?—A. No, they do not carry passengers.

Q. "1·8 trips a year for five passenger steamers; and for a third company an average of 222 days for the round voyage of ten steamers." Your boats seem to be much luckier or much faster than the others.—A. I am not going to quarrel for a minute with any evidence given before the Imperial Shipping Committee.

Mr. MONTGOMERY, K.C.: That is not the Imperial Shipping Committee.

Mr. SYMINGTON, K.C.: Yes, it is. It reads, "Report of the Imperial Shipping Committee on Rates of Freight in the New Zealand Trade."

By Mr. Symington, K.C.:

Q. "In the case of a fourth company, two direct voyages to New Zealand and back took 185 and 202 days respectively."—A. I suppose they are not picking out special voyages, but taking the average of the steamers to that part of the world.

Q. The finding of the Commission—will you see if you agree with this:—

> "It will have been observed from the particulars given in paragraph 13 that the unusually prolonged round voyage in the New Zealand trade intensifies the disadvantage at which that trade is placed as compared with the Plate trade. We have accordingly made careful

enquiries into the general conditions of the New Zealand trade, and have obtained statements from the shipping companies concerned, copies of which are annexed, (Appendix IV). From these statements it appears clear that the prolongation of the voyage is largely due to the practice of collecting the cargo of the same ship at many different and widely distant ports, and to the multiplicity of parcels and of marks, sub-marks, and grades, the sorting of which on discharge involves loss of time and extra labour. Undoubtedly the earning capacity of the ship would be considerably increased or in other words the cost of transport would be reduced if some practical steps could be taken to simplify these practices. With this object in view the shipping companies and the shippers might advantageously co-operate."

Sir HENRY DRAYTON: What does the appendix show as to this line?

Mr. SYMINGTON, K.C.: I will just turn it up.

Sir HENRY DRAYTON: That would give the exact facts.

Mr. SYMINGTON, K.C.: There are certain steamers given here. "In New Zealand, 41 days; arrival in London until discharge, 30 days." Those are the loading and discharging days.

Sir HENRY DRAYTON: It said there was an appendix giving the names of the companies.

Mr. SYMINGTON, K.C.: Yes. It is called Shaw, Savill & Albion Company, Limited. I think they are agents of various steamship lines, are they not?

The WITNESS: Yes, they are agents, Mr. Symington.

Mr. SYMINGTON, K.C.: It says:

"The difficulties which have to be contended with and which cause much direct and indirect expense to the shipowner are chiefly the following:

(*a*) The numerous freezing works whose output has to be lifted and and the number of ports which have to be visited.

(*b*) The multiplicity of bills of lading required by shippers from each freezing work, the multiplicity of separate marks on most of the bills of lading, the number of consignees and the splitting up of the deliveries by the consignees.

(*c*) The inadequacy at times of the storage accommodation here, leading to excessive delays in discharge.

(*d*) The go-slow policy here and in New Zealand of the workmen.

In regard to (*a*) there are 39 freezing companies or works in New Zealand, each with a separate output. There are 18 ports, each of which the steamers are required to visit to lift the meat at least once a month during the season. Many of the works have limited storage accommodation and all desire the promptest clearance of their prepared output. These works occur from Whangarei at nearly the extreme north of New Zealand to the works at the Bluff in the extreme south, most are situated on the east coast but some are on the west."

I am trying to find these voyage days.

The WITNESS: Mr. Symington, I think you can take it that the information collected by the Imperial Shipping Committee would be as accurate as it would be possible to get. I am speaking from memory, of course, a long way from my actual records.

Q. You accept what is in here?—A. Absolutely. I accept that.

By Mr. Montgomery, K.C.:

Q. I understand you do not recollect what the rate is from New Zealand, the butter rate?—A. No, I am not familiar with rates, not from New Zealand.

By the Chairman:

Q. Now, Mr. Middleton, without being familiar with the rate, do you think it is reasonable, in view of all these difficulties which have been set forth in this report, plus the distance of New Zealand from Great Britain—do you think the rate, which I am informed is approximately the same, is fair to Montreal?—A. The only way I can answer that is this. Is the total freight earned by a steamer on a round voyage to New Zealand sufficient to leave a margin of profit to the owner after paying expenses? Compare that with the total freight of a steamer coming from the U.K. to Montreal, and back home again. Compare your total earnings with expenses, and see if there is any margin left. The actual rates of freight are not to my mind, of very great importance unless you take the total earnings of the ship and the total expenses of the ship. There must be some margin left to the owner, otherwise it does not pay him to carry on his trade.

Q. That does not answer my question.

Mr. MONTGOMERY, K.C.: It is the only answer he can give, that I can see, sir.

By the Chairman:

Q. If you do not mind, it does not answer my question as to what your opinion is as to the comparison of the butter rate between Montreal and the U.K., and New Zealand and the U.K., which are practically the same. May I make my point clearer? Many of the farms of the Eastern Townships you can see on the hillsides from the top of Mount Royal. They are only three or four hours away, by fast freight, from Montreal. Montreal is the head of ocean navigation. Does it seem fair that it should cost the farmer who has produced a ton of butter within—

Hon. Mr. SINCLAIR: A stone's throw.

The CHAIRMAN: —60 miles of Montreal, as much to send that to Liverpool as it costs a farmer in New Zealand? On the face of it, it does not seem fair.

The WITNESS: On the face of it, Mr. Chairman, it does not seem fair, but if you reduce the freight upon one commodity carried on a ship, you must in fairness to the owner, put up the rate on other classes of goods to enable him to pay his expenses. Somebody must pay the cost of that transportation service somewhere. It certainly may be a hardship on the man producing butter so near a port to have to pay such a high rate, but if he does not, somebody else must.

By Mr. Kennedy, (Glengarry):

Q. In other words, you mean the butter shippers out of Montreal must pay a higher rate than the grain people?—A. I would not say that, because that would be making a comparison, which I do not want to make. It may be that the grain people are not paying a sufficient amount.

By Mr. Symington, K.C.:

Mr. Middleton, will you tell us whether you, as an accountant of this line, have figured how much per cubic foot you plan to get to pay the expenses of a round voyage?—A. I am afraid you have got me on that question, Mr. Symington. That is a question of detail, which I am afraid I cannot answer.

Q. Without going into details would you figure on 10 cents or 15 cents or 20 cents?—A. I can tell you how much it should make per voyage in her gross freight. I cannot tell you how much per cubic foot.

Q. How much per voyage should she make in gross freight?—A. I should say a ship going from England to Montreal and back to England should earn at least a gross freight of £10,000.

Q. You have not figured it up per ton or per cubic foot?—A. I have not. That is for a 6,500-ton vessel.

By the Chairman:

Q. Dead weight?—A. Yes.

Q. She should earn that?—A. She should earn that to cover her expenses, provide for her liabilities, and pay for her surveys. I do not mean her surveys for that particular voyage, but that ship must be kept seaworthy and must be periodically surveyed,—to "maintain the line" would be a better way to put it.

By Mr. Symington, K.C.:

Q. You were speaking of depreciation and so on and so forth?—A. Yes.

By Mr. Montgomery, K.C.:

Q. That is, your fast cargo boats?—A. Our best boats operating.

By Hon. Mr. Sinclair:

Q. Does that figure on a 100 per cent cargo?—A. Whether the ship is empty or full does not matter, as long as we get £10,000 per round voyage.

By Mr. Rinfret:

Q. Would that give a profit?—A. That would give a margin sufficient to insure the ship-owner a return on his money and enable him to maintain his line.

By the Chairman:

Q. What does the ship-owner calculate he should get on his money?—A. We calculate we should get at least four per cent for depreciation, which is the lowest rate I have ever heard mentioned, and at least five per cent on the capital employed. That is a total of nine per cent on the original cost of the ship, per annum.

By Mr. Symington, K.C.:

Q. Supposing you take a ship built at the time of the war which is five times the cost of to-day. Would not four per cent depreciation mean, in fact, a 20 per cent depreciation?—A. We have a steamer operating in the North Atlantic trade, which does not come to Canada, but she comes very near. She is 30 years of age, so she would have no depreciation. Two years ago we had to spend £27,000 over that ship to keep her seaworthy. She will not run more than two years on that expense of £27,000. We are building a new ship to take her place. This new ship is being built in England at a loss to the shipbuilders of £20,000 to provide employment. When we get her she will stand us very nearly £300,000; which we are actually putting into this trade, and if the new ship will not earn as much—or only earn as much, I should say, as the old ship is now earning, it will only show two per cent upon her present cost value.

Q. Of course, you building ships to provide for unemployment has very little to do with the question of freight rates?—A. I say the shipbuilders took the contract for the building of a ship at a price to provide employment.

Q. But that would be more than included in the £10,000 you spoke of here?—A. That ship is a passenger boat, Mr. Symington, and will earn more than £10,000. I was giving that as an example of what we have to face in the ordinary way.

Mr. Montgomery, K.C.: And that would vary according to the type of the boat, the speed and so on.

The CHAIRMAN: Any more questions to ask this witness?

By the Chairman:

Q. I understand you have to leave for the Old Country?—A. Yes, I have to leave to-morrow.

The CHAIRMAN: We wish you a very pleasant voyage and thank you for the information you have given us.

The WITNESS: Thank you.

The witness retired.

Sir HENRY DRAYTON: Before we adjourn, is there any news as to these letters? What is the attitude as to the production of the letters?

Hon. Mr. SINCLAIR: It will be announced on Monday.

Sir HENRY DRAYTON: It is still under consideration?

Hon. Mr. SINCLAIR: No, not under consideration.

The CHAIRMAN: The letter has not been written to Mr. Low as yet.

If there is no further business, I will declare the session over and we will meet again on Monday evening, at 8.30.

The Committee adjourned until Monday, May 18th, 1925, at 8.30 p.m.

PARLIAMENTARY SESSION, 1925

Special Committee appointed to consider the

Resolution

to give the Government of Canada control over certain ocean rates

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Proceedings of the Committee

No. 17—Monday, May 18, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee

Messrs. George H. Montgomery, K.C., E.P. Flintoft, C. Russell McKenzie, for the steamship companies

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Captain Richard Hocken, Master of S.S. *Rio Dorado,* Southampton, England

Alexander MacIntosh, Chief Engineer of S.S. *Rio Dorado,* Glasgow, Scotland

EXHIBITS

No. 72—Comparison of duty and ocean freight charges with certain articles (Printed as appendix)

No. 73—Abstract of log of S.S. *Rio Dorado,* filed by Captain Richard Hocken. (Read into evidence)

No. 74—Crew list of S.S. *Rio Dorado,* filed by Captain Richard Hocken. (Read into evidence)

No. 75—Charter party of S.S. *Rio Dorado,* filed by Captain Richard Hocken. (Read into evidence)

No. 76—Abstract of Chief Engineer's Log of S.S. *Rio Dorado,* filed by Mr. Alexander MacIntosh. (Read into evidence)

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MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
COMMITTEE ROOM No. 277,
MONDAY, May 18, 1925.

The Committee met at 8.30 o'clock, p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—15. (All members present.)

On motion of Mr. Duff, seconded by Hon. Mr. Stevens,

Agreed, That the Chairman make a report to the House recommending that a printed copy of the evidence taken by this Committee be sent to each Senator and Member of the House from time to time as it is received from the printer.

On motion of Mr. McKay, seconded by Mr. Shaw,

Agreed, That Mr. S. B. Brown, Traffic Department, Canadian Manufacturers' Association, Toronto, be summoned to appear as a witness before this Committee, bringing with him and producing all complaints and other correspondence including any questionnaires sent out and answers thereto received during the years 1923, 1924 and 1925, concerning ocean rates, and all schedules of rates prepared by him dealing with ocean rates; and that Walker Clemis, U.F.O. Co-operative offices, Toronto, be summoned as a witness.

On motion of Sir Eugene Fiset, seconded by Mr. Stork,

Agreed, That Messieurs John Bradley, Bradley Lumber Company, 36 Jarvis Street, Hamilton, Ont., and R. J. Graham, Belleville, Ont., be heard as witnesses before this Committee.

Exhibit No. 72, "Comparison of duty and ocean freight charges with value of certain articles." (Printed as appendix to proceedings.)

On motion of Mr. Duff, seconded by Mr. McKay,

Agreed, That Captain Richard Hocken, Master, and Mr. Alexander MacIntosh, Chief Engineer, respectively, of S.S. "Rio Dorado," be heard as witnesses by this Committee.

Captain Richard Hocken, Master of S.S. "Rio Dorado," Southampton, England, who was in attendance, was called, sworn, examined and retired.

During the course of his examination Captain Hocken filed Exhibit No. 73, "Abstract of log of S.S. "Rio Dorado" which was read into evidence; Exhibit No. 74, "List of crew of S.S. "Rio Dorado" which was read into evidence; Exhibit No. 75, Charter party of S.S. "Rio Dorado" on present voyage, which was read into evidence.

Mr. Alexander MacIntosh, Chief Engineer S.S. "Rio Dorado," Glasgow, Scotland, who was in attendance, was called, sworn, examined and discharged from further attendance.

During the course of his examination Mr. MacIntosh filed Exhibit No. 76, "Abstract of Chief Engineer's log of S.S. "Rio Dorado," which was read into evidence.

The Committee adjourned at 11.25 o'clock, p.m., to meet at 3.30 o'clock, p.m., to-morrow, Tuesday, May 19, 1925.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,
HOUSE OF COMMONS,
MONDAY, May 18, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met at 8.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have our quorum and the Committee will kindly come to order.

Mr. SYMINGTON, K.C.: There was an order, as I understand it, for the bringing up to date of a memorandum with reference to preference freight rates, in Sir Henry Drayton's report. This has been prepared, so Mr. Marlow and Mr. Scott tell me, and they are satisfied with this.

The CHAIRMAN: You will put it in as an exhibit?

Mr. SYMINGTON, K.C.: I presume so.

2712—1½

EXHIBIT No. 72

COMPARISON OF DUTY AND OCEAN FREIGHT CHARGES TO VALUE OF ARTICLES SHOWN BELOW

Commodity	Measurement	Rate	Freight	Value	Duty at Ordinary Rate	Dut, at Preferred Rate	Percent difference Ordinary and Preferred Rate	Percent of Freight to Value of Goods
Woollen goods	8′ 1″	80/ per 40 c. ft.	16/7 at $4.75 = $3.93	£20:2:10 at 4.81½$ =$97.00	35% less 10% $30.56	27½% less 10% $24.02	7·5%	4·05%
Cotton piece goods	85′ 5″	65/ per 40 c. ft.	£6:18:10 at $4.77 =$33.01	£276:10:1 at $4.79 =$1,326·00	35% less 10%, $417.69	22½% less 10%, $268.52	12·5%	2·49%
Carpets	81′ 9″	60/ per 40 c. ft.	£6:2:8 at $4.78 =$29.75	£16:4:6 at $4.78½ =$762.00	35% less 10%, $240.03	25% less 10%, $171.45	10%	3·9 %
Felt hats	26′ 10″	50/ per 40 c. ft.	£1:13:9 at $4.75 =$8.02	£62:14:6 at $4.77 =$299.00	35% less 10% $94.19	22½% less 10%, $60.55	12·5%	2·68%
Cutlery	6′ 9″	72/ 6 per ton W/m or 1½% add. val.	12/3 at $4.65 =$2.85	£95:3:9 at $4.65 =$463.00	30% less 10% $145.85	20% less 10%, $83.34	15%	·615%

The CHAIRMAN: The Minister has sent me a considerable file of copies from the government file in connection with the letter which I received from Mr. Low.

Mr. SYMINGTON, K.C.: Before taking the witness, I was looking over, for the purpose of cleaning up things, if we could, Colonel Gear's evidence. There was certain information that Colonel Gear was to furnish. You will find it at page 153 of the evidence. He was to furnish a list of the grain carryings for two years prior to 1924 and the rates. Perhaps he has that.

Mr. MONTGOMERY, K.C.: Previous to 1924?

Mr. SYMINGTON, K.C.: Yes. Perhaps you might find out if he has it. It is at page 154, the cattle rates upon which he based his percentages of increases.

The CHAIRMAN: Just where is that, sir?

Mr. SYMINGTON, K.C.: At page 154. Reads, "If you refer to the top of the page you will notice it gives certain percentages on cattle rates. I was asking him for the rates upon which he calculated the percentages and the time those rates were in?—A. I will get that for you. I have omitted it."

The CHAIRMAN: Almost at the top of the page, Mr. Montgomery; the third paragraph from the bottom.

Mr. SYMINGTON, K.C.: At page 154 the Chairman asked him for a comparison of the type of boats, trading out of Boston and Montreal. At page 165 he was to furnish a statement of the cost of construction of boats, from 1900 to date, and on the same page—

Mr. MONTGOMERY, K.C.: What part of the page?

The CHAIRMAN: It is almost in the middle. (Reads) "Would you take a note and get it for us? If you are going to be at it you might make it from 1900 down to date, the building cost.—A. To date? Q. Yes."

Mr. MONTGOMERY, K.C.: I understood at a later date you asked him that question but he had not been able to get the information immediately.

Mr. SYMINGTON, K.C.: At page 165, a list of changes in the cattle rates.

The CHAIRMAN: Is that all?

Mr. SYMINGTON, K.C.: That is all. Mr. Chairman, having heard that one of Sir William Petersen's boats was in port, I asked the auditor to go down there on Saturday himself and to look over the logs and records of the ships, and to issue instructions to the captain and engineer, that they should come before the Committee, to tell us about some of the operating costs of these boats. It will give us an indication probably as to the figures which the other lines have put in and therefore I would ask Captain Hocken to be called.

RICHARD HOCKEN, called, sworn and examined.

By the Chairman:

Q. You are the Captain of the Rio Dorado, a steamship registered where? —A. London.

Q. Where is your home, sir, when you are not on the briny deep? Where is your home ashore?—A. Southampton.

Mr. MONTGOMERY, K.C.: May I make this suggestion, Mr. Chairman, to my learned friend and yourself, that if it were possible, to intimate the kind of evidence that is to be taken up, in order to give us some opportunity of preparing for it and no doubt to avoid delay for the witnesses too; it will be convenient to them as well. I have not had any intimation or idea of the existence of Captain Hocken other than what we saw in the papers, that there was a boat of that kind here. There was no reason for expecting any evidence of this

kind and it is impossible to turn around and cross-examine when I do not know what the witness is to be examined upon. My learned friend says he is to be examined on the operation of the boat, and it is a pretty hard job to tackle in cross-examination without knowing anything about it. If it were possible for my learned friend to give us some information that he was to examine the witness on such and such questions, it would save time for the Committee, and I could cross-examine right away instead of asking these gentlemen to come back for cross-examination. I would not undertake to cross swords with the gallant captain about the operation of his boat.

Mr. SYMINGTON, K.C.: It is largely the production of his books. The ship, I believe, sails to-morrow, and that is the reason I have brought those officers up.

By Mr. Symington, K.C.:

Q. Captain Hocken, how long have you been engaged on the sea?—A. Altogether, about twenty years.

By Mr. Symington, K.C.:

Q. I understand that you have been fifteen years with this company and three years in the Navy?—A. Yes, sir.

Q. During the war?—A. Yes.

Q. Now, what is the type of construction of this boat which you are sailing, the Rio Dorado?—A. She is described as a corrugated monitor type of steamship.

Q. Would you just explain what that is, Captain?—A. Yes, she has two corrugations.

Q. Instead of straight sides?—A. Yes, straight sides to the water lines, to her loading marks and from there down there are two corrugations, which are practically twenty-three inches from the perpendicular side.

Q. Have you sailed more than one of these boats?—A. This is the third.

Q. This is the third of this type that you have sailed?—A. The third corrugated ship.

Q. You have been sailing corrugated ships since when?—A. Since 1921.

Q. From your experience what would you say as to the comparison—first, what is the dead weight?—A. The cubic capacity of the Rio Dorado is 509,000.

Q. Dead weight tonnage?—A. 8,500 tons dead weight.

Q. That is her capacity?—A. Yes.

Q. That must be feet?—A. 509,000 cubic feet; that is the gross dead weight; that is the total dead weight.

Q. I thought that was net dead weight?—A. That is tonnage.

Q. What would you say as to the points upon which a straight-sided boat and a corrugated boat differ, that is, has one any advantage over the other?—A. The corrugated ship has an advantage of about 30 per cent over the straight-sided ship—30 per cent efficiency.

By the Chairman:

Q. I did not catch that answer, Captain?—A. The corrugated boat has 30 per cent greater efficiency than the straight-sided ship.

By Mr. Symington, K.C.:

Q. In what respect is the corrugated ship superior, is it in speed, coal consumption, or how; I suppose you mean in the consumption of fuel?—A. That is to say, consumption and speed are taken into consideration, the tonnage of the ship also, the dead weight.

Q. That is, for her fuel consumption she travels faster—is that what you say?—A. Yes, sir.

Q. Are there any other advantages?—A. In addition to the speed and the consumption of coal, the steaming of the ship is better; she is steadier; she is non-rolling. In other words, she does not roll. If you travel by a corrugated ship, you will never afterwards travel by a straight-sided one.

Q. What about her cargo space?—A. She is a good carrier; she has about 14,000 feet of extra cubic space in the corrugated side, which runs fore and aft of the ship horizontally; you understand the corrugations run along.

Q. Has she more cargo space or less per dead weight ton as compared with the straight-sided ship?—A. More.

Q. How much over?—A. About 14,000 cubic feet.

Q. How is that accounted for?—A. By the corrugations, which are not measured in the tonnage of a ship.

Q. What about the framework?—A. For tonnage purposes it is measured on the inside, on the perpendicular side of the ship.

Q. How far apart are the ribs in this boat?—A. The ribs are about 7 feet apart.

Q. As opposed to what in a straight-sided boat?—A. Two feet approximately.

Q. Does that give any advantage in cargo space?—A. Yes, and it also makes a lighter ship.

Q. Less material?—A. Less material.

Q. What is the speed of this ship?—A. The ship will steam 10 knots per hour on twenty tons of the best Welsh coal.

Q. Let us first deal with the speed; how fast will she go?—A. She will go twelve and a half knots.

By Mr. Black:

Q. Loaded?—A. Loaded, that is, in fine weather of course.

By Mr. Symington, K.C.:

Q. You have travelled, you say, since 1921 in these boats?—A. That is right.

Q. Tell us what coal she burns when she is travelling eight and one half knots an hour?—A. Fourteen and a half tons of Welsh coal.

By the Chairman:

Q. Did you say fourteen and a half tons, Captain?—A. Yes, sir.

Q. She will travel eight and a half knots per hour on a consumption of fourteen and a half tons per day?—A. Fourteen and a half tons.

Q. Per day?—A. Per day.

Q. Per day of 24 hours?—A. Yes, a 24-hour day.

By Mr. Symington, K.C.:

Q. And at ten knots?—A. At ten knots, 20 tons of the best Welsh coal.

Q. And at eleven knots?—A. 23 tons.

By Mr. Black:

Q. How much coal would she burn, coal such as you would get in Montreal?—A. At what speed?

Q. The speeds you gave us just now?—A. Eight or ten.

Q. Eight or ten what?—A. I should allow about 10 per cent more.

Q. Is that sufficient?—A. Yes; I think she will do it on that.

By Mr. Rinfret:

Q. Why do you call it a 24-hour day?—A. That is an astronomical day.

Q. But you are gaining some time there?—A. Sometimes we are losing time; it depends upon whether you are going east or west.

Q. You always call a day 24 hours?—A. Always, at sea, that is nautical time.

By the Chairman:

Q. You said 10 per cent more of Montreal coal; what coal is that?—A. That is Dominion coal, I would say, sir.

By Mr. Symington, K.C.:

Q. Coal purchased in the Dominion?—A. Yes, that is the idea.

By the Chairman:

Q. You must have a better description than that, Captain; is it bituminous coal, or anthracite coal?—A. Bituminous. A steamship could not burn anthracite.

By Mr. Symington, K.C.:

Q. You have travelled how far in this ship, roughly speaking?—A. This is for the second voyage; the last voyage she travelled 25,000 miles.

Q. What was her average speed?—A. She averaged 10·2 knots per hour.

Q. And her coal consumption?—A. Her coal consumption was about 24·5 tons of coal per day of 24 hours.

By Mr. Duff:

Q. How much?—A. 24·5, but of course that was not Welsh coal. That was mostly South African coal.

By Mr. Symington, K.C.:

Q. How does that compare with Welsh coal?—A. About 15 per cent less; at least Welsh is about 15 per cent less than South African.

Q. Welsh coal is more efficient than South African?—A. Absolutely.

Q. That is, where you gave us the 21 ton figure for 10 knots before, on this 25,000 mile cruise averaging 10·2 knots, your coal consumption was 24½ tons of South African coal?—A. Some was Russian coal, and some Siberian coal. She burned a little more, but that is what it averaged, 24·5.

Q. Your boat has just arrived in Montreal?—A. That is right.

Q. Where did she come from?—A. She came from Hull, England.

Q. I have asked you to produce an abstract of your passage or log book; is that what you call it?—A. That is correct.

Q. You have the original here?—A. Yes.

Q. Is this (shows to witness) the one?—A. Yes, I think that is it, sir.

Mr. Symington, K.C.: I may say, Mr. Chairman, that Mr. Scott, the auditor, went through this and has made copies himself, so that there can be no objection to it. The original book is here; of course the Captain wants it back.

Mr. Montgomery, K.C.: We will see that he gets it back, but we will have to look at it.

Mr. Symington, K.C.: Don't you take Mr. Scott's preparation; Mr. Scott has taken this exactly, and gives it to me as an exact copy of the book.

Mr. Symington, K.C.: The book is here, Captain?—A. That is it.

Q. And this sheet is an extract from the book, is it?—A. That is right, sir.

By the Chairman:

Q. Just before you get on with that, Captain, you said she steamed 12½ knots when loaded, but you did not give us what the coal consumption would be for that?

By Mr. Symington, K.C.:

Q. Captain, can you tell the Chairman what the coal consumption would be when you were steaming twelve and a half knots loaded?—A. Twenty-seven tons.

By the Chairman:

Q. Of the best Welsh coal?—A. Yes.

Mr. SYMINGTON, K.C.: I would ask, sir, to have this extract from the log marked as an Exhibit.

The CHAIRMAN: Very well, it will be No. 73.

Extract No. 73: Abstract of log of Steamship *Rio Dorado.*

EXHIBIT No. 73

ABSTRACT PASSAGE FROM HULL TO MONTREAL

S/S *Rio Dorado*—Voyage No. 2.

[Captain Richard Hocken.]

Week Day	Date	True Course	Daily Run	Daily Consumption	Lat. o ' N.	Long. o ' W.	Wind Direction	Fce.	Sea Direction	Sea state	Remarks
Friday	May 1	Various	109	10·5 tons	51 05	1 13	N.E	4	Various	Slight	2·13 a.m. Discharged pilot: 2·15 a.m. Full away. Moderate breeze and slight sea, cloudy and clear.
Saturday	" 2	Various	290	24·0 "	58 40	4 43	Various	3	N'ly	Smooth	Variable breezes and smooth sea. Cloudy and clear.
Sunday	" 3	S. 87 W	264	24·0 "	58 26	12 50	S.W	3	N' y	Smooth	Gentle breeze and smooth sea. Occasional showers.
Monday	" 4	S. 74 W	260	24·0 "	57 15	20 35	N	5	N'ly	Rough	Fresh breeze and rough sea. Cloudy and clear.
Tuesday	" 5	S. 51 W	215	24·0 "	55 00	25 33	N	5	N'ly	Rough	Fresh breeze and rough sea. Cloudy and clear.
Wednesday	" 6	S. 69 W	280	24·0 "	53 28	32 56	Various	2	E'ly	Slight	Light variable breeze and smooth sea. Cloudy and clear.
Thursday	" 7	S. 60 W	270	24·0 "	51 15	39 15	Various	3	E'ly	Slight	Light variable breeze and smooth sea. Cloudy and clear.
Friday	" 8	S. 59 W	265	24·0 "	48 57	45 07	W'ly	4	W'ly	Slight	Moderate breeze and slight sea. Cloudy and clear. 9.15 p.m. 8th till 7.09 a.m., speed reduced. Dense fog.
Saturday	" 9	S. 65 W	240	22·0 "	47 18	50 30	W.S.W	5	S'ly	Mod	Fresh breeze and moderate sea. 9th 4.20 p.m. till 2.55 a.m. 10th, speed reduced. Dense fog.
Sunday	" 10	Var	212	21·0 "	46 01	55 07	W'ly	4	S.W'ly	Mod	Moderate breeze and sea.
Monday	" 11	N. 65 W	281	24·0 "	47 51	61 04	W'ly	2	W'ly	Slight	Light breeze and slight sea. Fine and clear.
Tuesday	" 12	Var	245	24·0 "	49 09	66 40	W'ly	4	S.W'ly	Mod	Moderate breeze and sea. Occasional fog. 8.25 p.m., stopped for Pilot off Father Point.
Tuesday	" 12	Var	88	8·5 "	Father Point.	.....	W'ly	4	W'ly	Slight	Moderate breeze and slight sea.

Total Consumption—278 tons.
Average Consumption per 24 hours—23·04 tons.

Total Distance—Port to Port—3,019 Miles.
Total Steaming Time—11 days, 23 hours, 4 minutes.
Average Speed per hour—10·5 Knots.

The WITNESS: But she is not what I would describe as a twelve and a half knot ship for general purposes.

By the Chairman:

Q. But she can make twelve and a half knots fully loaded by burning twenty-seven tons?—A. About that.

Q. You do not push her along at that rate?—A. That is right.

By Mr. Black:

Q. Where did you say you came from?—A. Hull.

Q. In how many days?—A. Twelve days, approximately.

By Mr. Symington, K.C.:

Q. You left Hull on Friday, May 1st?—A. That is right.

Q. You arrived at Father Point on Tuesday, the 12th?—A. Right.

Q. What was her coal consumption there?

By the Chairman:

Q. When did you say you left?—A. On Friday, May 1st.

Q. And arrived when?—A. Tuesday, May 12th.

By Mr. Symington, K.C.:

Q. At what hour did you leave?—A. We left at 2.15 a.m., on the 1st.

By the Chairman:

Q. And arrived when?—A. We arrived at Father Point at 8 p.m., on the 12th.

By Hon. Mr. Stevens:

Q. And when did you arrive at Montreal?—A. On the following evening, the following night.

By Mr. Symington, K.C.:

Q. Wednesday, the 13th, the evening of Wednesday, the 13th?—A. The evening of the 13th.

By Sir Henry Drayton:

Q. At what hour was that, from Montreal?—A. About 10 o'clock, p.m.

By Mr. Black:

Q. Is this (referring to log book) the two voyages?—A. The end of one voyage. I turned in a page, beginning with the 1st of May.

By Mr. Symington, K.C.:

Q. So that you were steaming twelve days?—A. Eleven days twenty-three hours to be exact.

Q. Eleven days and twenty-three hours you say?—A. Yes.

Q. This boat was light, I understand?—A. Yes, in ballast.

Q. Do boats travel as well light as loaded?—A. Quite. It depends upon the weather, of course. In fine weather they steam faster, and light they roll, but about the same; in bad weather she would go faster loaded.

By Sir Henry Drayton:

Q. Had you a good or a bad trip?—A. A moderate Atlantic trip.

By Mr. Symington, K.C.:

Q. The weather is all shown on the slip. What was your coal consumption for those twelve days?—A. 23.04 tons per day.

Q. And your average speed?—A. 10.5 knots.

Q. What kind of coal was that?—A. Light Yorkshire coal.

Q. That is not as good or as heavy a coal as Welsh Coal, is it?—A. Not to be compared with it.

Q. The total coal consumption then was how much?—A. 278 tons.

Q. And the distance?—A. 3,019 miles.

By the Chairman:

Q. What was the total consumption?—A. 278 tons.

Q. What did that coal cost you, if you have no objection to telling us?—A. About eighteen shillings a ton, although it is not my affair to buy the coal. The owner of the ship will tell you better the exact figure.

Q. So that your coal cost per day was what?—A. Well, sir, while I have a fairly good idea, Sir William Petersen can tell you much better than I can.

Q. The coal cost you have given us at 23.04 tons at eighteen shillings a ton?—A. That is right.

Q. Have you multiplied that; 23.04 tons at eighteen shillings would be approximately 21 pounds per day?—A. About that.

Q. And for the voyage, what?—A. About £550 we estimate, for the round voyage.

Q. That is to Montreal and return?—A. Yes sir.

Q. You are assuming that she is going back loaded?—A. Yes sir.

Q. She is loaded now?—A. Yes sir.

Q. Now I have taken, Mr. Chairman, without any name, or the auditor has taken, the figures from some of the voyage sheets that the lines have put in, without naming the ship or disclosing whose it is; of what he says is the same size ship. The coal costs there for the round voyage are £1,646. Can you explain that, Captain, as opposed to your £550?—A. Simply because the Rio Dorado is the most economical ship in the world for her size and speed.

Q. £1,646 as opposed to £550 for the round voyage. I was wondering whether their figures were right. I was not worrying about the Rio Dorado. Then do you produce a list of your crew?—A. Yes. That is correct.

Q. That is a correct list of your crew?—A. Yes that is my signature.

Q. And the wages paid?—A. Yes.

Q. I would like that marked, sir.

Exhibit No. 74: List of crew of S/S "Rio Dorado"; and wages paid.

EXHIBIT No. 74

SIVEWRIGHT, BACON & CO.,
Steamship Owners & Brokers.

Regent Chambers,
Hull, 30th April, 1925.

Crew List of the "Rio Dorado"—Captain R. Hocken
From Hull to Montreal

No.	Names	Capacity	Wages	Advance	Allotment	Remarks
			$ cts.	$ cts.	$ cts.	$ cts.
1	R. Hocken	Master	.....	.....	.....	.....
2	F. B. Huntley	1st Mate	20 10	.....	12 00	
3	D. S. DeGrucky	2nd Mate	16 10	.....	.....	
4	R. Jenning	3rd Mate	13 10	5 00	.....	
5	A. Innes	Bos'n	11 10	5 15	5 15	
6	J. S. Bilton	Carpenter	12 10	.....	10 00	
7	A. J. Keen	A. B	10 00	5 00	2 00	
8	A. Drew	A. B	10 00	5 00	5 00	
9	G. Baxter	A. B	10 00	6 00	.....	
10	E. Wilkinson	A. B	10 00	5 00	5 00	
11	J. McLeod	A. B	10 00	4 00	6 00	
12	I. Verloppe	A. B	10 00	5 00	5 00	
13	A. McIntosh	Chf. Engr	23 10	.....	15 00	
14	F. Veitch	2nd Engr	20 10	.....	5 00	
15	F. Atkinson	3rd Engr	16 10	.....	.....	
16	W. McLean	4th Engr	13 00	.....	8 00	
17	Saleh Ahmed	Donkey-man.	11 10	5 15	.....	
18	Saleh Ahmed	2nd Donkeyman & F. & T.	11 10	5 15	.....	
19	Sala Ali	F. & T.	10 10	5 15	.....	
20	Mohamed Ali	F. & T.	10 10	5 10	.....	
21	Magi Saleh	F. & T.	10 10	5 10	.....	
22	Abdul Nasse	F. & T.	10 10	5 10	.....	
23	Saleh Ahmed	F. & T.	10 10	5 05	.....	
24	Taleb Abden	F. & T.	10 10	5 05	.....	
25	Salah Hamed	F. & T.	10 10	5 05	.....	
26	Musulah Hadi	F. & T.	10 10	5 05	.....	
27	F. Sinclair	Std	14 10	.....	8 00	
28	G. Rogers	Cabin boy	4 00	.....	2 00	
29	C. Green	Cook	13 10	6 10	6 10	
30	G. Cass	Galley Boy	4 00	2 00	2 00	
31	E. W. Bell	W. O	11 19	2 00	.....	
32	A. Woodifield	Mess Rm.B.	4 15	.....	3 00	
33	B. Butcher	Apptce	.....	.....	.....	
34	A. O. Mark	Apptce	.....	.....	.....	
35	G. E. Pain	Apptce	.....	.....	.....	

R. HOCKEN,
Master.

Q. Have you any objection to leaving that?—A. Not at all sir.

By Mr. Symington, K.C.:

Q. Now from this Exhibit 74 I find that your boat carries a crew of 32?—A. Yes, 32 sailors and firemen; and 3 apprentices or cadets. Some people call them apprentices. I call them cadets.

By the Chairman:

Q. They used to be called apprentices years ago?—A. Yes sir.

By Mr. Symington, K.C.:

Q. They apparently get no money?—A. No sir, or very little.

By the Chairman:

Q. Do they mess with the crew?—A. No sir, with the officers.
Q. They are training for officers?—A. Yes sir.

By Hon. Mr. Stevens:

Q. Where is this ship registered, Captain?—A. London.

By Mr. Symington, K.C.:

Q. Taking a round voyage of forty days; that is 24 steaming, and 8 loading and 8 days discharging at each port apparently, your wages are £416?—A. That is for a month is it?

Q. No, for a round voyage, forty days?—A. Yes. That is quite right; about £13 per day.

Q. Now in this voyage sheet that the other lines have filed, I find wages for the round voyage are £1,096 as opposed to your £416. Can you explain that?

The CHAIRMAN: The Hon. Mr. Sinclair suggests that this witness' evidence might be interrupted for a moment, so that Mr. Scott without naming the boat might give the reasons why he picked this boat "X" as the boat with which a reasonable comparison might be made with the Rio Dorado.

Mr. DUFF: Let us finish the captain's evidence, and decide that afterwards, Mr. Chairman. We can decide what the boats are afterwards.

Hon. Mr. STEVENS: Why cross-examine this witness about a boat he knows nothing about and probably has never seen.

Mr. SYMINGTON, K.C.: With great deference I would submit that this officer has sailed the seas for a good many years in all kinds of ships, and I wanted to ask him if he could explain how it was that the wages on one boat should be so much more than on the other.

Mr. MONTGOMERY, K.C.: How could he tell us if he has not seen the boat and does not know anything about it?

The WITNESS: I can explain that to you quite easily I think.

Mr. SYMINGTON, K.C.: We have been told, Mr. Chairman, by my friends that these things are all fixed by the shipping regulations in Europe as to how many of a crew they have to have and the wages paid, Union wages, and so on, and we were also told that the managers always carry more than the regulations require, as prudent managers.

The CHAIRMAN: We will hear what the witness says.

By Mr. Symington, K.C.:

Q. What would be your explanation of that?—A. The rate of consumption of coal. They have to carry more men if they consume more coal.

Q. You have to carry more firemen if you use more coal?—A. More firemen, that is the idea.

Q. As I understand the Union rules, you have to hire a man— —A. For every three tons.

Q. For every three tons of coal for use, and the less your consumption of coal— —A. The less men you carry.

The CHAIRMAN: What is the proportion of firemen in his crew out of the 32 who are on the wages sheet?

Mr. SYMINGTON, K.C.: How many firemen have you?—A. Nine.

Hon. Mr. MCMURRAY: How many of a crew on the other ship?

The WITNESS: Probably the other ship has 18 firemen. I am certain she will burn double the amount of coal and that would account for a good bit of it.

By Mr. Symington, K.C.:

Q. Apparently your nine do not shovel three tons a day.—A. No, but we carry nine, simply because it is necessary to have men to work in the engine room in port.

Q. Is that the only explanation you can offer as to that difference?—A. And so that we could have the necessary men if we wish to open out and drive 12 knots; to have sufficient men to handle the engine at that speed.

Q. But is that the only explanation of the difference in wages?—A. The difference would probably be in the coal, in the running expenses of the ship; probably burning twice the amount of coal.

Q. It is the wages we are discussing though, captain.—A. No, I cannot answer that. Not to that extent.

Q. Now do you know anything about the repairs on this boat?

The CHAIRMAN: Better ask him how old she is first.

By Mr. Symington, K.C.:

Q. Yes, how old is she?—A. She was built in September. She sailed from England on the 30th September, 1924.

Q. And she sailed you say a voyage of 25,000 miles and then this one? —A. That is it.

Q. How about the other three upon which you sailed?—A. Well, I sailed around the world with each one.

Q. Now what about repairs to these boats, what has been your experience? —A. A new ship of course does not require many repairs, and then these ships are very easy on repairs because they do not roll about and there is no straining with them and that sort of thing; the wear and tear is smaller.

By the Chairman:

Q. Were the other boats you were in corrugated boats as well?—A. Yes sir.

By Mr. Symington, K.C.:

Q. Since 1921. He has been a great deal longer of course, with this line. What were your repairs on this boat, captain?—A. For the round voyage?

Q. Yes.—A. Well, we had an accident. With the exception of an accident to one of the winches, costing £20, we had no repairs.

Q. Now what about dry-docking your boats? What do you do with that? —A. She was dry-docked before leaving Hull a fortnight ago.

Q. What did you do in dry-dock?—A. Simply scraped and painted the ship, two coats of paint.

Q. What did that cost you?—A. The docking, paint, and the whole thing about £95.

Q. Docking and painting £95. Scraping, etc. Now with respect to provisions, do you know what it costs per day to feed your crew?—A. We calculate it per man as a rule.

Q. Per man then?—A. About 2/6 to 3/- per man.

Q. What about your deck and engine stores?—A. We estimate about £3 per day to £3.10/-.

By the Chairman:

Q. Engine stores, composed of what?—A. Oils and paints. Deck and engine stores £3 to £3.10/- per day.

By Mr. Symington, K.C.:

Q. Then captain can you tell us, apart from your steaming costs, that is your coal cost, what it costs you per day to operate this boat?—A. Really Sir William Petersen should tell you that. I am running the ship; navigating her, not managing her.

Q. I am not speaking of overhead or management; just per day by you. —A. Well I estimate at least £30 per day; but Sir William Petersen can tell you exactly.

By Mr. Duff:

Q. £30 including coal?—A. No sir. That does not include coal.

The CHAIRMAN: Perhaps you had better tell us just what the £30 includes, if you will excuse me, Mr. Symington.

By the Chairman:

Q. Your estimate of £30 includes what?—A. Wages, insurance and stores.

Q. Not coal?—A. Not coal.

Mr. SYMINGTON, K.C.: We have got the coal, sir, I think previously.

By Mr. Rinfret:

Q. It does not include repairs?—A. No sir. It does not include repairs. We have no repairs on a corrugated ship.

By Mr. Symington, K.C.:

Q. What did you say about repairs? I did not hear you.—A. I say we have no repairs.

Q. Well, on your other boats, the other two boats you ran, did you not have repairs since 1921?—A. Very small, sir; nothing practically. You would not expect repairs on a new ship.

Q. But there are running repairs all the time, are there not, on a ship? —A. Well, on some ships but not in these corrugated ships.

Q. Provisions; is that included?

Mr. RINFRET: If that does not include repairs, when we take these figures we must make allowance for repairs, because repairs will be needed some day, no matter how good a ship is. That is the intent of my question.

By the Chairman:

Q. Were all these corrugated ships new ships, that you have been in in the last three years?—A. Yes sir.

By Mr. Symington, K.C.:

Q. And your repairs have been—?—A. Practically nil.

Q. Does that £30 include the provisions?—A. Provisions? Oh, yes. We put that down.

By the Chairman:

Q. Does "stores" include provisions?—A. Stores includes provisions.

By Mr. Symington, K.C.:

Q. Stores; deck and engine force and provisions?—A. Yes.

Q. And wages?—A. And wages.

Q. And insurance?—A. And insurance. The whole running expense of a ship, with the exception of coal.

Q. And you have given us, apparently, on this voyage in any event, £21 a day for coal?—A. Yes.

Q. So you would figure £51 a day for the total running expenses of the ship?—A. Yes sir.

Q. Leaving out of account management expenses and overhead?—A. Yes.

Q. Anything else?—A. No, that is all that I have.

By Hon. Mr. Stevens:

Q. That does not include port dues and pilotage?—A. That is another matter altogether.

Q. It does not include them?—A. Those are the running expenses of the ship.

By Mr. Black (Halifax):

Q. It does not include stevedoring or port charges?—A. No sir.

By Mr. Symington, K.C.:

Q. Have you carried general cargo in these boats?—A. Yes; it would come under the term, "bag cargoes."

Q. You have not carried from Canada before?—A. No.

Q. So you would not like to say anything about port charges at all; that is a matter which the office looks after, I suppose?—A. I know this particular ship, or any of the corrugated ships could be handled probably cheaper than any other, on account of their equipment, large hatchways and all that sort of thing, and no obstructions in the hold.

Q. You do not want to say anything—you cannot say, I presume, what the port charges would be?—A. No, it is not my province to discuss that.

By Mr. Black (Halifax):

Q. How many decks?—A. Two.

By Mr. Symington, K.C.:

Q. Now, in connection with the voyages of these ships, can you give the committee any results of voyages which indicate the difference that this makes in effectiveness of operation?—A. Take a rice cargo, for example. The first steamer, the Rio Azul carried a cargo of rice from Rangoon to Sydney, New South Wales, and the receiver of the cargo informed me that in his twenty-five years experience he had never received a cargo in such excellent condition, not one bag damaged, even, out of about 100,000 bags.

Q. That would be so in any ship, would it not?—A. No sir.

Q. Why, what is the difference?—A. Simply because of the ventilation. The corrugated sides assist ventilation, and with a perishable cargo such as rice, much depends upon the ventilation, whether you deliver it in good order or not.

Q. I was not thinking of that so much as, in these voyages—A. Carrying capacity?

Q. Yes.—A. Yes. That is to say, the steamer burning less coal than the ordinary ship would be able to carry much more cargo.

Q. But you took certain voyages, did you not?—A. Yes.

Q. I think you told me about a voyage from Blythe to New South Wales with coal?—A. Yes.

Q. You made comparisons?—A. Yes, in which the two ships left Great Britain for Sydney, New South Wales via Karachi; the corrugated ship made the trip with 900 tons less coal and was ten days less in doing the work.

Q. What was the class of ship, one opposed to the other?—A. Similar ship.

Q. Same size?—A. Same size.

Q. Same engines?—A. Same engines, or about. Her efficiency was probably better than the other.

By Mr. Montgomery, K.C.:

Q. Yours had ten days less steaming time?—A. No, she did it ten days quicker than the other ship.

By Mr. Symington, K.C.:

Q. The corrugated boat steamed out in ten days less time?—A. That is the idea.

Mr. Montgomery, K.C.: No, he does not say ten days less steaming time.

The WITNESS: Ten days less time to do the same distance. In other words, we will say she was fifty days and the other ship was, say, sixty days.

Mr. MONTGOMERY, K.C.: Give us the names of these ships again.

By Mr. Symington, K.C.:

Q. What was the name of this ship?—A. The Rio Azul.

By Mr. Montgomery, K.C.:

Q. That is the corrugated one?—A. Yes.

Q. What is the other one?—A. The Brad Clyde.

By Mr. Symington, K.C.:

Q. And your trip was from Cardiff to Karachi and then to Newcastle, New South Wales?—A. Yes.

By the Chairman:

Q. Where is Karachi?—A. In India, sir.

By Hon. Mr. Sinclair:

Q. And back to Cardiff?—A. No sir, just to New South Wales. Of course, that is about 15,000 miles.

By Mr. Symington, K.C.:

Q. What about the Peudene and the Rio Dorado trip?—A. That is another trip.

Q. How did they compare?—A. A difference in thirty days steaming of nearly 400 tons. The corrugated ship used 400 tons to do the same work as the straight sided ship took to do it.

Q. 400 tons of coal less?—A. 400 tons less.

By the Chairman:

Q. Were these ships of approximately the same size?—A. Exactly the same size; same length, same breadth and depth. One had a straight side and the other was corrugated.

Q. How do you know this so accurately?—A. The two ships were side by side and the straight sided ship claimed to be the most economical, until the two ships were alongside, and when we compared notes the other man pulled down his flag.

By Mr. Symington, K.C.:

Q. I understand you left England together for Buenos Aires?—A. That is right.

Q. Your boat called at Cadiz, travelling further?—A. That is right, sir.

Q. How many tons a day did your boat use?—A. Sixteen tons, sir.

Q. And the other boat?—A. Twenty-seven.

Q. You were steaming slow on that trip?—A. Steaming slow.

Q. 8.9 knots. Now, dealing with cargo space, what about the Mauritius trip?—A. That would be more a question of dead weight than space. There is a sugar cargo referred to, which is dead weight. Sugar being solid cargo, the question of space would not come in.

Q. It was dead weight, then?—A. Dead weight.

Q. How did they compare?—A. The corrugated ship took more cargo, took about 700 tons more cargo than the straight sided ship, although both ships were of the same tonnage.

Q. Same dead weight tonnage?—A. Same dead weight tonnage.

Q. So you were able to take 700 tons more at a considerably less rate. What was the rate?—A. On account of the number of tons of bunkers necessary to make the trip, less than the other ship.

Q. You were able to carry 700 tons more weight of cargo, at what rate? —A. About 31 shillings per ton.

Q. Two boats on the same dead weight?—A. Yes, sir, the same dead weight, same engines, and maker.

Q. Can you give my learned friend the dates of these trips, what years?—A. Yes sir. That was in November, 1923.

Q. Now, how do you account for this? Is it something to do with the propeller or the water?—A. Of course, I am not the patentee of the ship, and Sir William Petersen can tell you much better than I can, but I will endeavour to tell you my opinion of it. It is that the propeller revolves, in the case of the corrugated ship, in a solid body of water, where in a straight sided ship it revolves in a disturbed body of water. That is because of the actions of the corrugations on the bottom of the ship.

Q. With what result?—A. For instance, when the straight sided ship is going through the water, the water in the bottom arrives at the stern much later than the water travelling along the surface. I do not know whether that is clear.

Q. Yes, I see. Go on, Captain. —A. In the case of the corrugated ship the corrugations release the water so that it arrives at the surface and at the bottom at the same time.

By Mr. Duff:

Q. There is no dead water?—A. No dead water.

By Mr. Symington, K.C.:

Q. And then there is no missing, no slips?—A. No slips, no.

By Mr. Rinfret:

Q. How does that account for more space on the inside?—A. Not at all, sir, not the question of speed.

Q. I understood you to say you could carry more cargo in the one instance than in the other. I am unable to connect that with what you have just said. —A. I had better show you an amidships section, so you can judge for yourselves.

By Mr. Symington, K.C.:

Q. I think we can understand it. You have said that you carry more cargo because you require less bunker space, in the first place?—A. Yes, that is it.

Q. You also said that because of the construction of these ships, with your ribs seven feet apart instead of two feet, it gives more cargo space?—A. Yes sir.

Q. And what about your stringers?—A. The bulk of the stringers come approximately two feet from the perpendicular, and the space saved there is not counted in the registered tonnage of the ship.

By the Chairman:

Q. But affords carrying capacity?—A. Affords carrying capacity. That is right, sir.

Mr. MONTGOMERY, K.C.: I am not going to ask the Captain very many questions to-night, because it is impossible to examine all these figures right away. I can ask some very general questions now.

Mr. SYMINGTON, K.C.: I may say that I understand this boat is sailing to-morrow.

Mr. MONTGOMERY, K.C.: It can stay a little longer; it is just out on a voyage of discovery.

Mr. MONTGOMERY, K.C.: I would not attempt to go through a full cross-examination of all these things. How can I; it is perfectly hopeless.

The CHAIRMAN: Mr. Montgomery, do the best you can, please.

Mr. MONTGOMERY, K.C.: I will ask some general questions, just notes which have been hurriedly put to me.

Mr. SHAW: Here is the log.

Mr. MONTGOMERY, K.C.: I have never seen the log.

Mr. SYMINGTON, K.C.: You have seen a copy of it.

The CHAIRMAN: Mr. Montgomery, just proceed with the witness, please.

By Mr. Montgomery, K.C.:

Q. These trips, these boats which you have been sailing on since 1921, are they all owned by the same company?—A. The ships? Yes, sir.

Q. That is, Sir William Petersen's company?—A. Sir William Petersen's ships.

Q. Who was the inventor?—A. Sir William Petersen, although he has nothing to do with the Corrugated Company, as far as I know.

Q. Nothing to do with what?—A. He has nothing to do with the patent. He is the inventor, but the patent is owned by the Monitor Shipping Corporation of Newcastle-on-Tyne.

Q. You have been giving his invention quite a boost——A. Do you not think it deserves it?

Q. No doubt. We know that he has a strong advocate in you, Captain. We have heard of the many, many boats that have been building during that time. When were these boats first built?—A. In the first instance, I am not quite in a position to say, but the first one in this case was built in 1920-21.

Q. 1920?—A. Yes.

Q. So it represents the era of building subsequent to the war, in which I suppose hundreds and thousands of boats have been built?—A. No, sir. I am not in a position to give you the exact figures, but I suppose somewhere about a dozen ships, but they are smaller than Sir William Petersen's boats.

Q. About a dozen——A. Corrugated boats—in the world.

Q. But all smaller than these?—A. Yes.

Q. And during that same era from 1920 downward can you tell us approximately how many ships of other classes have been built?—A. I could if I had Lloyd's register before me; that is a difficult question.

Q. It runs into a very large figure, does it not?—A. Quite, yes.

Q. Is it safe to say into the thousands?—A. Oh, yes.

Q. And out of all of them, notwithstanding these wonderful advantages, only how many did you say had been built of this type?—A. About twelve.

Q. Now, Captain, how do you account for this——A. But not built of this description—of this size. They have only built smaller ships where people are perhaps not interested in them.

Q. Well, have it as you will, but how do you account for it that all the naval architects and all the shipping concerns, large ship-owners are interested in getting economical types of boats, and why have they not immediately rushed toward corrugated ships?—A. I am not in a position to answer that question, because I did not know anything about them myself until 1921.

Q. Yes, but we are now in 1925, and these tremendous advantages have been known since 1921?—A. It takes a lot of time to make a man believe a thing which looks impossible.

Q. So we are dealing with a thing that other men in the trade believe impossible?—A. You are dealing with the world's record, sir. I get nothing for the advertisement, but I am speaking what I know to be the truth.

Q. And given the truth, as you see it, Captain,—and as I am sure you believe it—you can offer us no explanation as to the comparatively small number of these ships that have been built in this era, which was perhaps one of the most active in the way of ship-building that we have ever seen?—A. They are now being taken up by intelligent ship-owners. This year, I believe, there have been half-a-dozen orders, one by Sir Walter Wren-Smith, and another by Sir John Ladner. They are bigger ships than the Rio Dorado. So they are getting to the front line.

Q. They are easily in the front line already, Captain, from the records you have given us?—A. Quite.

Q. These are boats that we have heard spoken of in this inquiry as tramps, carrying bulk cargo?—A. They are away superior to tramps.

Q. So far as your operations are concerned, they have been tramping?—A. Yes, we will call them that.

Q. Carrying bulk cargo; not doing liner service——A. Yes, they have been doing liner work.

Q. They have been doing liner work?—A. Yes, I have been running to Bombay a considerable portion of the time, taking a general cargo to Europe.

Q. Well, let us get your schedule of your liner work?—A. Yes.

Q. Did you have regularly advertised schedules for liner work between Bombay and—what is your home port?—A. No, simply because the ship is on charter to the other man, and he does the advertising.

Q. What company owns these boats, by the way?—A. I think you know that—

By the Chairman:

Q. It is for the Committee to find out, Captain; just answer the question. —A. Sir William Petersen.

By Mr. Montgomery, K.C.:

Q. I assume you have some company who owns them. I am asking the question quite seriously?—A. The registry company on the ship's register, do you mean?

Q. I do not know. I assume that some company owns these boats. I understand that Sir William Petersen Limited manages them, but are they known under the name of any line?—A. The Thompson Steam Shipping Company—this particular ship.

Q. Does that apply to all four?—A. Yes, I believe it does.

Q. And then do I understand the Thompson Steam Shipping Company simply charters these boats to anyone who wishes to charter them, for the voyage they wish the charter for?—A. I believe something of that kind.

Q. Surely, Captain—you have shown considerable familiarity with the shipping questions to-night?—A. I do not understand what you are getting at.

Q. What I am trying to get at is, does the Thompson Steam Shipping Company run a regular line between the United Kingdom and Bombay, or are they the owners simply of certain tramp vessels and charter them to anybody who wants to charter them?—A. Sir William Petersen can answer that question better than I.

By the Chairman:

Q. If you know, answer the question?—A. Well, I do not know.

By Mr. Montgomery, K.C.:

Q. So you do not know when you are operating any of these boats, whether you are operating them for the Thompson Steam Shipping Company, Sir William Petersen, or the charterers?—A. No, not at all.

Q. And do I understand that you, as Captain, are not furnished with the copy of the charter party?—A. Oh, very often, yes.

Q. Surely, if you are furnished with a copy of the charter party, you would know whether the boat was chartered?—A. Sometimes they furnish us with a berth note.

By Mr. Rinfret:

Q. What does that mean?—A. That is simply under a charter.

Q. Surely it is something else?

Mr. DUFF: To proceed to a certain place for orders.

By the Chairman:

Q. Mr. Duff tells us that a berth note is a direction to the captain to proceed to a certain place for orders. Is that right?—A. No.

Q. Well, Captain, just tell us what a berth note is?—A. A berth note is simply a note stating, "Proceed to berth 16 on trip 14 and take on 2,000 tons of grain." That is the commencement of the cargo; we do not know what the rest will be.

By Mr. Montgomery, K.C.:

Q. I cannot understand the difference. Supposing you take any one of these voyages which you have mentioned. Take, for instance, the triangular voyages. Do you make them without knowing for whom you are operating?—A. It is a question of who is operating the boat. Sometimes we operate for another line. It is quite immaterial.

The CHAIRMAN: It is not a question of whether it is immaterial or not.

Mr. MONTGOMERY, K.C.: You do not answer my questions as freely as you did those of my learned friend.

By the Chairman:

Q. Do you understand the questions?—A. No, sir, I do not.

By Mr. Montgomery, K.C.:

Q. Let us take the last trip of which you spoke, your sugar cruise, where you made your wonderful dead weight. Did you have a charter party for that?—A. Oh, yes.

Q. I assume then you know by whom the boat was chartered?—A. Yes, I know by whom she was chartered then. It is the same business; the liners take sugar as well as any other cargo.

By Mr. Black (Halifax):

Q. Are you under charter on this trip?—A. Yes.

Q. Could you produce the charter?—A. No, sir, but it could be produced.

By Mr. Rinfret:

Q. Which charter?

Mr. BLACK (Halifax): For this voyage.

Mr. SYMINGTON, K.C.: This Montreal voyage?

Mr. BLACK (Halifax): Yes.

The CHAIRMAN: Have you got it?

Mr. SYMINGTON, K.C.: Yes, I have the charter for the Montreal voyage here. Sir William says there is no objection to putting it in. Here it is (handing document to Chairman, who in turn hands it to witness).

By Mr. Montgomery, K.C.:

Q. Then you know at least that you are running this voyage under charter? —A. Absolutely.

Q. What was your last voyage?—A. Running for the Soviet, running to Siberia—Vladivostock.

Q. Under charter for the Soviet?—A. Yes.

Q. Bulk cargo?—A. Yes.

Q. What were you carrying, grain?—A. No, I took salt to Vladivostock, and brought to Hull a cargo of Soya beans.

Q. Doubtless, you were on charter party for both of these voyages?—A. That is right, yes.

By Mr. Black (Halifax):

Q. You were chartered to a New York company, I see?—A. Yes.

Q. The Continental Grain Company of New York have charatered the ship?—A. And a good company, too.

Mr. Black (Halifax): I think the rates of freight are there, and so on. I think it would be well to have this thing put in.

Mr. Montgomery, K.C.: I ask that it be filed.

Mr. Symington, K.C.: Yes, we want that in too.

EXHIBIT No. 75.

CHARTER PARTY

Form C. Adopted 1913.

Approved Baltimore Berth Grain Charter Party—Steamer

SIMPSON, SPENCE & YOUNG

New York, London, West Hartlepool, Liverpool and Glasgow

New York, April 28, 1925.

It is this day Mutually Agreed, between Thompson Steam Shipping Co. Ltd., (Petersen & Co. Ltd., Mgrs.) ..Owners of the ..British Steamship.. .."Rio Dorando".. of London..built 1924..at..Blyth..of..2,766..net tons register, or thereabouts, and guaranteed 35,000 Qrs. of 480 lbs. of Heavy Grain 10 per cent more or less capacity..classed 100 A1 in British Lloyds..now at Hull, expected ready to sail in ballast..and Continental Grain Company of New York.. .. ..Charters That the said Steamship being tight, staunch and strong, and in every way fitted for the voyage, with liberty to take outward cargo to .. ..for owners' benefit shall with all convenient speed sail and proceed to..Montreal.. .. ..

Captain to call at Charterers' office, as requested, and sign Bills of Lading, as presented, without prejudice to this Charter Party, and deficiency to be paid at Port of loading in cash, less insurance, and any surplus over and above estimated freight to be settled there before the Vessel clears at the Custom House, by Captain's draft, in charterers' favour, upon consignee, payable five days after arrival at Port of Discharge. Owners' stevedore to be employed for loading.

Steamer to be loaded according to berth terms, with customary berth despatch, and if detained longer than five days, Sundays and holidays excepted, Charterers to pay demurrage at the rate of sixpence (6d.) ..British Sterling or its equivalent per net register ton per day, or pro rata, payable day by day, provided such detention shall occur by default of Charterers or their agents.

Notification of the Vessel's readiness must be delivered at the office of the Charterers or their agents, at or about 4 P.M. (or at or before 12 M., noon, if on Saturday) Vessel also having been entered at the Custom House, accompanied by pass of the inspector of Vessel's readiness in all compartments, and the lay days will then commence at 7 A.M. on the next business day.

Time for loading, if required by Charterers, not to commence before the..tenth..day of..May..1925.. .. ..

Should the Steamer not be passed by Board of Underwriters' surveyor as ready for cargo at her Loading Port before 12 o'clock noon on the..twentieth..day of May..1925 followed by the presentation of said Surveyor's pass to the Charterers or their agents at their office before said hour, the Charterers or their agents shall at said hour and at any time after not later than the presentation of the Surveyor's pass at said office, have the option of cancelling this Charter Party.

It is also mutually agreed that this contract shall be completed and be superseded by the signing of Bills of Lading on the same form as in use by regular line steamers from loading port to port of destination; or, if port of destination be one to which there is no regular line of steamers from loading port, this contract shall be superseded by the signing of Bills of Lading in the form customary for such voyages for grain cargoes, which Bills of Lading shall however contain the following clauses:—

1. "It is also mutually agreed that the Carrier shall not be liable for loss or damage occasioned by causes beyond his control, by the perils of the seas or other waters, by fire from any cause or wheresoever occurring, by barratry of the master or crew, by enemies, pirates or robbers, by arrest and restraint of Princes, rulers or people, by explosion, bursting of boilers, beakage of shafts or any latent defect in hull machinery or appurtenances by collisions, stranding or other accidents of navigation of whatsoever kind, (even when occasioned by the negligence, default or error in judgment of the pilot, master, mariners or other servants of the ship owner, not resulting, however, in any case, from want of due diligence by the owners of the ship or any of them, or by the Ship's Husband or Manager)."

2. "General Average shall be payable according to York/Antwerp Rules. Average Bond with values declared therein to be signed, also sufficient security to be given as required by master or agents. If the owner shall have exercised due diligence to make the steamer in all respects seaworthy and to have her properly manned, equipped and supplied, it is hereby agreed that in case of danger, damage or disaster, resulting from faults or errors in navigation, or in the management of the steamer, or from any latent defect in the steamer, her machinery or appurtenances, or from unseaworthiness, whether existing at the time of shipment or at the beginning of the voyage (provided the latent defect or the unseaworthiness was not discoverable by the exercise of due diligence) the consignees, or owners, of the cargo shall, nevertheless pay salvage, and any special charges incurred in respect of the cargo, and shall contribute with the shipowner in general average to the payment of any sacrifices, losses or expenses of a general average nature that may be made or incurred for the common benefit, or to relieve the adventure from any common peril, all with the same force and effect, and to the same extent as if such danger, damage or disaster had not resulted from, or been occasioned by, false or errors in navigation, or in the management of the vessel, or any latent defect or unseaworthiness."

3. "It is also mutually agreed that this contract is subject to all the terms and provisions of, and all the exemptions from liability contained in the 'active Congress of the United States, approved on the thirteenth day of February, 1893, and entitled' 'An Act relating to navigation of Vessels, etc.'"

4. "Cargo to be received at destination as fast as Vessel can deliver, during ordinary working hours, any custom of the port to the contrary notwithstanding; but receivers of the cargo are in no case obliged to take delivery at night without their consent, and in any event the steamer must bear all extra expenses incurred by working at night." This clause to be expressly stipulated in all Bills of Lading.

5. "Steamer to have the privilege of calling en route."

6. "Vessel to have a lien on the cargo for all freight, dead freight, demurrage or average."

[Captain Richard Hocken.]

Charterers' liability under this charter to cease on cargo being shipped.

The said Charterers, or their agents, are to have the privilege of transferring this charter to others (guaranteeing to the shipowners the due fulfilment of this charter).

Cash for vessels' ordinary disbursement at port of loading to be advanced by charterers, if required by master, at current rate of exchange, subject to insuance and two and a half per cent commission.

A commission of two and one-half per cent is due on loading of cargo to SIMPSON, SPENCE & YOUNG,.. .. .. on freight, dead freight and demurrage, vessel lost or not lost, whose agents at port of loading are to attend to ships business on customary terms.

THOMPSON STEAM SHIPPING Co. Ltd.,
(Petersen & Co. Mgrs.)
Owners of the British s/s "Rio Dorado."
By SIMPSON, SPENCE & YOUNG. As Agents,
Per (sgd). THOS. J. STEVENSON,
By cable authority received April 28, 1925, from Simpson, Spence & Young, London.

CONTINENTAL GRAIN COMPANY,
(Sgd.) J. FEUER,
Vice Pres.

The original Charter Party is in our possession,
SIMPSON, SPENCE & YOUNG, *Brokers.*
I. McCOY.

By Mr. Montgomery, K.C.:

Q. Has this boat any 'tween decks?—A. Yes, nine feet high.

Mr. SYMINGTON, K.C.: The charter party must go back to the boat and go with the ship.

Mr. MONTGOMERY, K.C.: We can have a copy made.

By Mr. Montgomery, K.C.:

Q. How do you describe your two decks?—A. There is a shelter deck and a main or 'tween deck.

Q. Your evidence is that you have a shelter deck and a main or 'tween deck?—A. Yes, whichever way you want to describe it.

Q. You have only two decks?—A. Yes, we have only two decks.

By Mr. Black (Halifax):

Q. Which you describe as a shelter deck and a main or 'tween deck?—A. Yes.

Q. What is the depth of the hold from the main deck down to the 'tween deck?—A. 27 feet; nine feet from the main to the 'tween deck.

Q. That is not very suitable for carrying package stuff?—A. Yes, just the thing for carrying package stuff.

Q. It is something new to me, to carry package goods?—A. The distance is nine feet between the shelter and the 'tween deck.

Q. Is that suitable for carrying package cargo?—A. Yes, it is suitable for any kind of cargo, the lower hold. It is.

Q. That is very remarkable to me. You describe that as having a shelter deck and a 'tween deck?—A. It is a shelter deck ship.

Q. There is a difference between the shelter deck and the 'tween decks?—A. Would you like to see a plan of the ship, and you can see the whole thing?

The CHAIRMAN: I think that would be a good idea.

By Mr. Montgomery, K.C.:

Q. Do you know whether the shelter deck is even measured in the tonnage? —A. Oh, yes the Board of Trade would look after that. You can rely on that being measured. I did not register the ship myself; I had nothing to do with it. It is out of my province.

Q. Your evidence is that the shelter deck is measured in the tonnage? —A. Yes.

Q. In the net tonnage?—A. According to the Board of Trade rule.

Q. In the net tonnage?—A. In the net tonnage portion of it.

The CHAIRMAN: I think if we had a plan of the boat it would be interesting for the Committee to see.

Mr. SYMINGTON, K.C.: Mr. Donald has handed me a plan. I presume they want it back. I can get another plan. That is a Board of Trade plan.

By Mr. Montgomery, K.C.:

Q. Have you your register with you?—A. No, the register is at the Custom House.

Q. You have not your certificate of register?—A. No, it is in Montreal. Of course, that is the document to show how to pilot the ship. This is the thing that is registered; practically the same information.

Q. Where will your certificate of register be found?—A. In the Custom House. They use it to enter and clear the ship with. That is the only official document in the ship, so far as the Customs is concerned.

Q. We are rather interested in seeing the certificate of register? Who will have that?—A. I am afraid you will not be able to get hold of that. You might get a copy of it.

Q. I think we might get a copy of it.—A. What do you want to see?

Q. I want your certificate of register?—A. To see the tonnage plan of the ship?

Q. I asked you for your certificate of register?—A. I do not think you will have much of a chance to get it, not unless the ship were to remain in Montreal; no chance of getting it.

The CHAIRMAN: Possibly, if the Committee asks you to show it to us, you will possibly be kind enough to show it.

Mr. SYMINGTON, K.C.: It has to go with the ship.

Mr. MONTGOMERY, K.C.: I am not going to finish with this witness to-night, because I cannot do it. If you want me to stall and ask questions, I will do it, but I do not think it is fair to ask me to complete my cross-examination to-night.

Mr. SYMINGTON, K.C.: I pointed out before, that the ship is loaded and ready to sail to-morrow.

The CHAIRMAN: There is the log.

Hon. Mr. STEVENS: Surely, there is no objection to producing the register of the ship. It is a very simple thing.

Mr. SYMINGTON, K.C.: He has to carry it with him.

Mr. DUFF: What good will that do?

Mr. MONTGOMERY, K.C.: A copy can be had, I think, quite cheaply.

Mr. BLACK (Halifax): A license can be had from the Collector of Customs.

By Mr. Symington, K.C.:

Q. You will get full instructions in Lloyds book.—A. That is all contained in the register, you are quite right, about the measurement, what the tonnage measurement is, but in any case I did not have anything to do with that. I did not measure the ship, neither did anybody measure it. It is not my affair at all.

The CHAIRMAN: You are the custodian.

Mr. MONTGOMERY, K.C.: We can easily have a transcript by the Customs of Montreal.

The CHAIRMAN: Mr. Montgomery, I am anxious, if possible, to avoid keeping this ship. You can understand that desire. That is why we want to go ahead as far as we can to-night. I understand you are at a disadvantage.

Mr. MONTGOMERY, K.C.: It would be rather simpler if we had been told that the Captain was to be examined and I would have made some effort to prepare, but you can understand having to cross-examine under these circumstances, where I have not been able to read yet what the questions involved are. It is very difficult to cross-examine this witness. I think it means that his evidence has to be taken without cross examination, because I do not profess to be able to read all this stuff and put it to the witness at this time. The witness has just appeared before this Committee.

Mr. SYMINGTON, K.C.: I did not know what witnesses you were going to call.

Mr. MONTGOMERY, K.C.: Our witnesses are all in the room.

Mr. SYMINGTON, K.C.: It is a pure question of figures, of coal, wages and so on.

Mr. MONTGOMERY, K.C.: The evidence is very extraordinary, on the face of things. It is quite impossible for an ordinary lay-man to understand. With all the advantages that the captain claims for these boats, there are only ten or a dozen of them in the world, although they have been going since 1919. There are boats by the hundreds and thousands built in that time.

Mr. SYMINGTON, K.C.: The witness did not keep log books at all. I brought them here on purpose, so that we did not have to take anybody's word for it. This is in the Chief Engineer's log book. I was calling the Chief Engineer. If you want the Chief Engineer's log book you can have it now.

By Mr. Montgomery, K.C.:

Q. Have you got the indicator cards?— A. Yes, I think so.
Q. Where are they?—A. You have them.

Mr. SYMINGTON, K.C.: The engineer has them. The engineer is being called.

Sir HENRY DRAYTON: There is no reason why they should not be produced.

The CHAIRMAN: There is no reason why they should not be produced because—

Mr. MONTGOMERY, K.C.: Where are they?

The CHAIRMAN: If they are in the room, let them be produced, so that Mr. Montgomery can see them.

By Mr. Montgomery, K.C.:

Q. Have you a record of the boiler pressure?—A. You have that in Lloyd's book, 180 pounds.

Q. I am asked to ask you the number of revolutions?—A. What speed? 10 knots, 60 revolutions, loaded; 11 knots, 63-64.

By Mr. Symington, K.C.:

Q. All the revolutions are in the log book?—A. The number of revolutions depends on the weather.

By Mr. Montgomery, K.C.:

Q. I can only repeat these questions. It is the block coefficient fineness?—A. Do you want me to explain that?

Q. Block, .779, which is pretty full.

The CHAIRMAN: .779; does that convey anything to your mind, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: Not in the slightest.

By Mr. Montgomery, K.C.:

Q. .779?—A. That is right.

Q. That is the last one?—A. It is the last one. If it was one it would be square. If it was one you would have a square block. .779 will give you an idea that it is fairly blocked. That makes her all the more extra-ordinary.

Q. Can you tell me the draft—

By Mr. Duff:

Q. Has her name been changed?—A. No.

Q. What is her name?—A. Rio Dorado.

By Mr. Montgomery, K.C.:

Q. Can you give us the draft at which the trials were run?—A. 24 feet 11 inches mean, on her summer course; on free board, three by six inches.

By the Chairman:

Q. Will you please go over that again?

By Mr. Symington, K.C.:

Q. Will you just explain those terms to the Chairman and other members of the Committee except the nautical gentlemen?—A. Well, sir, the free board is a sign given by Lloyd's. A line is drawn from the main deck to the number of feet, in this case 3 feet 6 inches to the plimsoll mark, which is the centre of the disc. When I say disc, they have a disc at the centre—of the centre line on the summer mark, which is 2 feet 6, and on a winter mark 3 feet 11½, but in Indian Summer she goes 6 inches below the summer marks, below the centre of the disc, that is to say, she must deepen.

By the Chairman:

Q. Why is that?—A. In the Indian summer, for Indian waters, which is confined between Singapore and Suez, in the north east monsoon.

The CHAIRMAN: All right, Mr. Montgomery.

By Mr. Montgomery, K.C.:

Q. Are your boats adapted for carrying cattle?—A. On which deck?

Q. On any deck?—A. You mean the Shelter, Main, or the 'tween decks? She has 9 feet 'tween decks which makes an excellent deck for cattle.

Q. What are you indicating to me—two decks, or one deck?—A. One deck below, and one deck atop; she has two decks, she can carry them on both decks.

Q. Have you carried cattle on the shelter deck?—A. Yes.

Q. Where would you carry perishable cargo?—A. Well, if I carried perishable cargo, or you wanted me to carry perishable cargo, if you were the shipper I would ask you on which deck you wished me to carry the general cargo if you were carrying general cargo, and cattle could only have the main deck or the shelter deck.

Q. If you carried cattle on both decks, you would not be able to carry general cargo at all?—A. Yes, we have a hold below that of 27 feet.

Q. So that you are going to carry your general perishable cargo in the hold?—A. Where would we carry it?

Q. Is it your suggestion that your boat is suitable for that?—A. It is. If we wished to lay another deck it is an easy matter to have a 'tween deck and another deck below that.

Q. I do not know what any of these decks would be?—A. You would if you saw the ship.

By Sir Henry Drayton:

Q. What is the largest number of cattle you have ever carried on any of those boats?—A. As far as I am aware, none of these ships have ever carried cattle. We have not come down to that.

Q. Are they equipped for cattle, or are the stalls not in?—A. The stalls are not in.

By the Chairman:

Q. What do you mean by that, Captain?—A. The stalls are not in the ship, and they would not be in any ship unless they intended carrying cattle.

By Mr. Montgomery, K.C.:

Q. Have you any refrigeration space?—A. No, sir, and we do not need any, either.

Q. You do not need any?—A. Not at the moment, but when we need it it can be put on board; that is quite simple.

Q. Is that your serious answer, for a man of your experience?—A. Absolutely.

Q. That these boats are not built for refrigeration? What do you mean by a simple matter?—A. To instal refrigeration. There are a number of boats that when refrigeration is necessary have all the machinery; there is nothing in that.

Q. What boats are you speaking of now are fitted for general cargo?—A. Yes, they are; why not?

Q. Are they fitted for general cargo?—A. They are suitable for general cargo.

Q. I asked you whether they are fitted for general cargo?—A. What do you mean by fitted? I never heard of any such thing as fitted. I have never heard of fitted.

Q. Could they carry butter?—A. Why not carry butter?

Q. Will you please answer the question; could they carry butter?—A. Yes.

Q. They are fitted now for carrying butter?—A. They are fitted for carrying butter, and I have carried butter in one of them.

By Sir Henry Drayton:

Q. Where was that?—A. That was from Boston to Hamburg.

Q. In what month of the year?—A. In August, 1922.

By Mr. Montgomery, K.C.:

Q. Without refrigeration?—A. Yes; butter in cases and kegs.

By Mr. Kennedy:

Q. Did you have any claims for damages on that butter?—A. I don't think so.

By Hon. Mr. Stevens:

Q. Was it butter in casks?—A. Butter in cases.

Q. Mr. Montgomery was asking you if you carried butter as a regular part of your cargo?—A. And I gave my reply Yes.

Q. But he did not ask you whether it was fresh butter, salt butter, or any other kind of butter.

By Mr. Montgomery, K.C.:

Q. Or whether it was good butter or bad butter?—A. Or any other butter.

Mr. Black: I suppose it might have been for axle grease.

By Sir Henry Drayton:

Q. Let me ask you another question, Captain. What are the rates of freight on the charter party, would you say?—A. About 14 cents, I think it is.

Q. What was being carried?—A. You mean on this present charter?

Q. Yes.—A. I think it is 14 or 14½ heavy grade.

Q. Per hundred?—A. Per hundred.

Q. For what?—A. For wheat.

Q. You are getting a rate of 14½ cents for wheat?—A. Yes.

Q. Are you carrying anything but wheat?—A. That is optional with the shipper.

Q. But you are loaded for sailing to-morrow, are you not?—A. She is being loaded.

Q. What are you loading?—A. Rye and barley.

Q. All grain?—A. All grain.

Q. What is the rate on rye?—A. I think it is 16½ cents on oats, but I am not exactly certain.

By Mr. Black:

Q. I think it is 16½ cents on oats.—A. About 16½ cents.

By Sir Henry Drayton:

Q. Where are you to take it to?—A. To Hamburg.

Q. What is the name of your charterer?—A. Simpson, Spence & Young, of New York, I believe are the charterers.

Mr. Symington, K.C.: Sir Henry, the cargo rates are two thirds barley and oats, at 17 cents per hundred, and one third is rye at 14½ cents.

By Mr. Montgomery, K.C.:

Q. You were speaking of the speed she could make on the best of Welsh coal; were you speaking of what she had actually made?—A. No, she has never burned Welsh coal, that ship, in particular.

Q. Perhaps I misunderstood you. Were you speaking from actual figures, or of estimates of what she would do having the best of Welsh coal?—A. They go much better on Welsh coal, and it is much more economical.

Q. You gave us a number of figures at the opening of your examination, based on 8 knots, based on 10 knots, and so on; were those estimates on your part?—A. That is the basis of it; for instance, if you were the charterer of a boat, on that basis she would go 8½ knots on 14 tons of the best Welsh coal.

Q. If you will just give us the origin of these figures, as to what you will be prepared to quote, or what you have done?—A. You cannot compare a ship only by taking Welsh coal. If you are going to discuss coal consumption, you must go on Welsh coal as a basis. That is the usual maritime way of doing it.

Q. Please answer the question, Captain. You gave quite freely, in answer to my learned friend, certain figures as to the efficiency of this boat; for instance, you told us she went 8 knots on 14 tons, 10 knots on 20 tons, 11 knots on 23 tons, 12½ knots on 27 tons of the best Welsh coal. Now I ask you whether you were doing that from any records, or is that an estimate?—A. I will show you the records of what she has done, with the speed, on all other coals.

By the Chairman:

Q. That is not what Mr. Montgomery has asked you. Mr. Montgomery has asked you if the figures which you gave to the Committee are figures based on estimates, or an actual experience?—A. They are based on estimates.

By Mr. Montgomery, K.C.:

Q. Can you tell me who made up those estimates; did you make them yourself, or were they made for you?—A. They were made by myself, and the Chief Engineer, also by the speed and power curve.

Q. When were those made?—A. Those were made before the ship was built.

Q. So that the figures you gave us in answer to my learned friend's questions were figures made before the ship was built?—A. Yes.

Q. You have never operated a boat yourself under these same conditions?—A. No.

Q. So that you are not able to speak as to that?—A. No.

Q. You say this is your second voyage?—A. Yes.

Q. Her voyage was a lengthy one of which you speak?—A. Yes.

Q. Would you mind telling us again what she covered on that voyage?—A. 25,000 miles.

Q. Where did you go?—A. To Port Said.

Q. Where did you start from?—A. From Newcastle.

Q. Loaded?—A. Loaded.

Q. With what amount of coal?—A. What kind of coal? What was she loaded with?

Q. No, what kind of coal was in your bunkers?—A. Mickley coal, and some other inferior north country coal. Durham coal, really.

Q. And do you remember what amount you had in your bunkers?—A. Yes, we had in the bunkers 1,400 tons approximately.

Q. And where did you go?—A. To Port Said.

Q. In how many days?—A. 13 days 16½ hours. With a consumption of 22.8 tons per day.

Q. Did you re-coal there?—A. No.

Q. Where did you go next?—A. Went to Mariople in the Sea of Azof.

Q. Were you fully loaded when you left Newcastle?—A. Oh yes, 8,500 tons aboard, of cargo and bunkers. A total dead weight of 8,500 tons.

Q. You discharged that at Port Said did you?—A. Yes.

Q. And took on another cargo there?—A. No, went in ballast then to South Russia, the Sea of Azof.

Q. And that was to pick up another cargo?—A. Yes.

Q. And what did you get?—A. Salt.

Q. A full load?—A. Yes, but Mariople and Eupatoria.

Q. Did you re-coal at that port?—A. No.

Q. You still had your original coal that you took on at Newcastle?—A. Yes.

Q. Where next?—A. I said to Mariople and then Eupatoria; from Eupatoria through the Dardanelles, through the Suez Canal and on to Sebang and Sumatra.

Q. Was that all under one cargo?—A. That would be two cargoes wouldn't it; the first one and the second one?

Q. I am asking about the second one that you took on at Mariople.—A. Well, Mariople and Eupatoria, for Siberia, for Vladivostock.

Q. And what was that?—A. Salt.

Q. And where did you discharge that?—A. At Vladivostock.

Q. You might indicate where you re-coaled, as you go along.—A. Yes, exactly; I will do anything you wish.

Q. Following it along.—A. Sebang is on the way to Vladivostock. Sebang is in the Straits of Malacca, about 500 miles from Singapore. It is a coaling station and we called there to have sufficient coal to increase our bunkers so that the steamer would go to Vladivostock and back to Sebang. Is that clear to you?

Q. Yes, go ahead.—A. Well, that is it.

Q. And did that finish your 25,000 miles?—A. Oh no, not at all.

Q. What class of coal did you take on there?—A. African.

Q. What cargo had you from Vladivostock?—A. Soya beans.

Q. Where did you take your soya beans to?—A. To Hull. We came home via Singapore, Sebang, Port Said, Lisbon, Hull.

Q. Is this all under a single charter, the whole round voyage?—A. No, two different charters.

Q. You had an outbound charter; give us the points of division.—A. Well, the salt cargo was from South Russia to Vladivostock. We disposed of that and then shipped 8,000 tons of soya beans for the United Kingdom and Continent via Lisbon.

By Mr. Duff:

Q. Lisbon for orders?—A. No, we came to Port Said for orders.

By Mr. Montgomery, K.C.:

Q. So that up to date all that this boat has actually done in practice is to carry bulk cargo?—A. Yes.

Q. Just to clear up something in my mind. You spoke of the capacity in the, what do you call them?—A. The corrugations.

Q. You fill that?—A. You fill up with grain or bulk cargoes.

Q. In the bulge, if I can so term it?—A. Yes.

Q. The bulge of the corrugation will be filled with grain?—A. Yes, but not filled with soya beans, which was described as a general cargo, and it was loaded in bags; shipped in bags; bag cargo.

Q. When you are speaking of bag cargo you refer to that soya bean cargo?—A. Yes.

Q. It was shipped in bags?—A. Yes.

By Mr. Black:

Do you have to line the ship for wheat or cargo of that kind?—A. Yes.

Q. So that you do not fill the corrugated place?—A. No, we don't use that for that purpose; we use that for ventilation.

By Mr. Montgomery, K.C.:

Q. And when she is filled with grain from a spout, that fills up the same as any other part of the hull?—A. Yes.

By Hon. Mr. Stevens:

Q. I think perhaps the gentleman misunderstood you. He just told Mr. Black that they line the ship when they load grain.—A. No, not for grain, for bags.

Q. You don't line it for bulk grain?—A. No sir, you don't line it with all cargoes. It depends on the nature of the cargo. Soya beans is a very delicate cargo and in this instance the ship had a lot of ice around. For fear of any dampness on the side of the iron you line it.

By Mr. Montgomery, K.C.:

Q. What did you say about ice around?—A. The temperature was about 38 degrees below zero in Vladivostock.

Q. On your trip out here, your second voyage, what kind of coal did you use?—A. Yorkshire.

Q. And I suppose you bunkered enough to take you out and back?—A. Yes, we have enough to take us out and home and back again.

Q. So that you have not had any experience with the Montreal coal or Dominion coal?—A. No.

Q. You have no practical experience of that at all?—A. No.

Q. When you gave us the ten per cent figure, what was that based on?—A. That is based on Louisburgh coal. I have bunkered that.

Q. Do you happen to know another tramp boat called the "Salmonpool"?—A. Yes, the "Salmonpool" is a tramp. I don't describe the Rio Dorado as a tramp. I prefer to call her a first class freighter.

Q. But doing tramp work?—A. Doing any kind of work.

Q. The Salmonpool then I take it you know as you are able to say she is a tramp?—A. Beg pardon.

Q. You know the Salmonpool?—A. Yes.

Q. Is she in Montreal at the present time?—A. She is.

Q. How does she compare in size with the Rio Dorado?—A. About the same I should think.

Q. My instructions are that the Salmonpool is 4,803 gross tons against your—?—A. 4,506 tons.

Q. So she is a little larger if anything, than yours?—A. About the same. I saw the captain and he told me she is about the same. She may be 100 tons greater.

Q. Did you have occasion to check up with him about the number of crew he carries?—A. No.

Q. I think you told us the number of your crew is 32?—A. Yes, that is the sailors and firemen.

Q. Illustrating the crew carried by boats doing this kind of work, I put it to you that the Salmonpool has a crew of 31, which fact you can easily verify when you return to Montreal and I will be glad if you will do so. As regards the total wages, what figure did you give us for yours?—A. For the round voyage or per day?—A. Per month I think.

The CHAIRMAN: For the round voyage, £416.

Mr. SYMINGTON, K.C.: £356 per month, without the master.

By Mr. Montgomery, K.C.:

Q. £356 a month without the master. I put it to you that a boat, the Salmonpool, a little larger than yours, has a wage bill, without the master of £348?—A. Oh, nothing would surprise me with the Salmonpool boats. I would not describe that boat.

Q. I would just like to illustrate that boats carrying bulk cargo and tramping, possibly are hardly comparable with boats doing general cargo work and liner work, so you would not be at all surprised at those figures I have given you for the Salmonpool—if they are correct.—A. Oh, quite. But the Salmonpool could not do the same work as the Rio Dorado. She is only an 8-knot tramp, 8 or 9 knots and burns about 20 tons of coal a day more I should think.

Q. Well I have given you the figures and you can check it. You say she burns about 20 tons of coal a day more.—A. I should think about that.

Q. Would that be approximately double your coal consumption?—A. Nearly. Approximately

Q. So on your theory that the wages should vary in almost direct proportion with the quantity of coal burned, she should have a very much larger crew than yours should she not?—A. Yes, she should. Well, of course, she burns considerably more coal and she has less men you see; very likely that is only in the culinary department or something of that kind. Sir William gives us a full ship. I would rather you did not compare a boat like that, because I think they are too far down you know.

Q. You say you have nine firemen?—A. Yes.

Q. I put it to you that the Salmonpool has nine firemen.—A. Well, I am surprised. I should have thought she would have less.

Q. Although burning you say double the amount of coal?—A. Yes.

Q. And although you told us in your evidence in chief that you would account for the greater number of men by the more coal the boat burned?—A. Well of course I don't wish to interfere with the Salmonpool. They run their ship their way and we run ours our way. It is none of my affair whether the Salmonpool carries more or less men.

Q. But you have given us certain figures in your examination in chief, Captain, and you were asked to account, you will remember, for the difference in wages and the number of men carried by certain boats indicated, and your own boat?—A. Yes.

Q. And you told us it would be due to the extra consumption of coal?—A. If required.

Q. On the other boat, which would necessitate extra firemen?—A. Quite so.

Q. Because you had to have more firemen for whatever the quantity of coal would be?—A. So that we would be in a position to burn more coal to go faster, to go any speed we wished, up to 12 miles.

Q. Now you have told us that the boat which I have mentioned to you would consume double the amount of coal that your boat would.—A. Yes.

Q. Then how would you account for it that she has only the same number of firemen?—A. Well, I presume she would burn double the coal to go our speed, which I don't suppose she could do, probably, that boat only makes about eight knots.

By Hon. Mr. Stevens:

Q. You said, captain, she would burn 20 tons more to go eight knots?—A. Probably she would.

Q. Then she would need a fireman for every three tons?—A. Yes.

Q. And that would be six more firemen?—A. Yes.

Q. Therefore she should have six more firemen than you should?—A. Well we have really too many firemen for the amount of coal we burn.

By Mr. Montgomery, K.C.:

Q. You are not answering the question. If she sailed the eight knots you mention, she would require six more firemen than you have?—A. If she burned forty tons of coal, but that is only my estimate. I don't know anything about that ship in particular. I cannot give the information.

Q. You said a moment ago she would.—A. I estimated she would.

Q. Then if she did she would require six more firemen?—A. You would think so.

Q. No, I don't think so. You volunteered that evidence.—A. Well, I will withdraw all that sort of thing. I am not going to commit myself about another man's ship.

Q. But you committed yourself about other ships when Mr. Symington was taking your evidence and that is all on the record to guide us later on. Exactly the same principle is to apply to this ship as you applied to the other. —A. Oh no, not at all. I do not bind myself with regard to anything about the Salmonpool. I do not know that I have committed myself about any other ship.

Q. You do not bind yourself to any evidence except about your own ship? —A. Yes. Except those I am really conversant with, that I have the figures from the master of the ship. I have not spoken to the master of this ship at all, but the figures I quoted, I had the figures from the master of the ship.

Q. Now, in your examination in chief on that very subject, you told us the same size boat with the increased coal consumption you mentioned would require 18 firemen in the place of your nine?—A. Repeat that question.

Q. I say, in your examination in chief, according to the note which I have, you told us that the same sized boat of the ordinary type would require 18 firemen in the place of your nine.—A. She would require a fireman for every three tons, whatever that works out at.

Q. I have your own statement as you made it in chief, that a boat of that size which you mentioned to us as an example, would require 18 firemen instead of nine?—A. I told you three tons per man, which you can work out better than I can.

Q. You worked it out for us; my note is 18 firemen for your nine.—A. I would make no calculation in the matter at all; I am simply giving the information.

Mr. DUFF: He has nothing to do with shipping the crew. If the Captain of these vessels goes to the Master and says, "I want so many firemen," that is as far as it goes. The Board of Trade rule is that they must have one fireman for three tons.

Mr. MONTGOMERY, K.C.: I am only taking him on his statement in chief.

Mr. DUFF: Do not bind him down to what the Board of Trade rules are.

Mr. MONTGOMERY, K.C.: I would hate to, as I do not know them myself.

The WITNESS: I am not making any statement with regard to anything except what I told the other gentleman. It is just approximately with regard to the other ships. The basis is three tons for one man.

By Hon. Mr. Sinclair:

Q. Does your ship burn three tons per man?—A. Not quite; we run much less than that.

Q. How many are you carrying?—A. We carry nine firemen, not on the basis of consumption, but simply to assist in cleaning up the engine room and doing that kind of work, in part.

Q. You carry more than a man to every three tons?—A. Yes, we carry nine firemen and we burn, say, 23 tons.

By Mr. Duff:

Q. Captain, have you any experience in regard to the firemen passenger ships carry?—A. I have been on passenger ships.

Q. The Maurentania, I understand, burns 1,000 tons a day; how many firemen does she carry?—A. She would carry about 300.

Q. Would she carry that many?—A. She does not burn coal now, she burns fuel oil.

Q. Would she carry them, when she did burn coal?—A. On that basis.

Q. She would not carry that many, so that although the Board of Trade rules say—.—A. It is not a Board of Trade rule, it is a Union rule.

Q. She would not carry as many firemen as that would make?—A. Oh, no.

By Mr. Montgomery, K.C.:

Q. Can you tell us how many tons of grain—

Mr. Symington, K.C.: Let us clean this up; I am sure he did not say anything about 18 firemen.

Mr. Montgomery, K.C.: The record will show that, and all I can say is that that is what my notes show. I do not profess to have any further recollection.

By Mr. Montgomery, K.C.:

Q. How many tons are you taking out this time? Are you going to be fully loaded?—A. Yes.

Q. How many tons?—A. We are taking out quarters.

Q. Do not be smart; how many tons?—A. About 7,900 to 8,000 tons, and about 600 tons of bunkers, making a total dead weight of 8,500 tons.

By the Chairman:

Q. 7,900 to 8,000 tons of grain?—A. That is it, sir.

By Mr. Montgomery, K.C.:

Q. I am requested to ask you how your cargo is divided between wheat, rye and oats?—A. It is provided by charter, by separation.

Q. Two-thirds barley and oats, and one-third rye; that is what we get?—A. Yes.

By the Chairman:

Q. Is that about it, two-thirds barley and oats and one-third rye?—A. That is it.

The Chairman: Any more questions, Mr. Montgomery.

Mr. Montgomery, K.C.: I really have not examined him on very much he said, because I am not in a position to do so.

The Chairman: I think you are depreciating the value of your own efforts, Mr. Montgomery. Mr. Duff, have you any questions to address the witness?

Mr. Duff: No, I do not think so. Mr. Montgomery has done very well in cross-examination, I think.

By Mr. Duff:

Q. There is one question I would like to ask. Mr. Montgomery was talking about the difference in the burning qualities of coal. Captain, in your experience you have been on ships which have burned Cardiff and Yorkshire and different kinds of coal?—A. Yes.

Q. And you say that Cardiff coal is a better burning coal than any other? —A. Yes sir, much better.

Q. What percentage better?—A. Say three tons in twenty. If a ship burned twenty tons of Welsh coal she would burn 23 tons of English coal.

Q. About twelve per cent?—A. Yes, about that.

Q. So you base your figures on Welsh coal?—A. Yes.

By Mr. Symington, K.C.:

Q. You charter on Welsh coal, do you not? That is the basis of a charter? —A. The basis of any time charter is Welsh coal.

Q. Which is the guarantee you give, and these figures are the guarantee you give?—A. That is the basis of your charter.

The CHAIRMAN: Mr. Black, have you any questions to address the witness?

Mr. BLACK (Halifax): No, none at all.

By Mr. Stork:

Q. Captain, you told us about a trip where you started out from Newcastle and wound up at Vladivostock and then returned to Newcastle?—A. No, sir, that was another trip, another ship, when we went to Karachi and Newcastle, New South Wales. But in this particular instance, the last voyage of this ship, we went from Newcastle, England, to Port Said, to a port in south Russia, to Vladivostock, Siberia, and back to Lisbon and Hull, with a cargo.

Q. How did you find the operation of this trip? Did you make money or lose money on the whole enterprise?—A. It is not part of my business to go into the profit and loss account, but in my opinion she made a very handsome profit.

By Mr. Duff:

Q. About this present trip; you have the poorest paying freight?—A. Yes.

Q. Out of Montreal?—A. Yes.

Q. With your experience, would you say you are going to lose money or make money on the trip?—A. There again it is not my province.

Q. I know that, but as a shipmaster you follow the operating expenses pretty closely?—A. I would rather Sir William Petersen gave you the figures.

The CHAIRMAN: If you have the information kindly afford it to the member of the Committee who asks for it.

By Mr. Duff:

Q. My experience is that the shipmasters are supposed to follow the business of the ship and find out if she makes money or not. Would you say this ship is going to make money or lose money?—A. I would estimate she would make about £40 a day profit.

Q. And for the voyage that is what?—A. The voyage is 40 days.

Q. That is £1,600 profit?—A. Yes.

By Mr. Symington, K.C.:

Q. Over everything?—A. Yes sir.

By Mr. Black (Halifax):

Q. Do you hold shares?—A. No.

By Mr. Montgomery, K.C.:

Q. There were no westbound earnings at all?

By Mr. Rinfret:

Q. I understand that for part of that trip she was merely carrying ballast?—A. Where?

Q. I understand from Port Said to Russia?—A. Yes, but that is only a short distance.

By Mr. Duff:

Q. All the way to Montreal.

The CHAIRMAN: You are talking about different trips.

By Mr. Rinfret:

Q. I was mentioning that trip from Newcastle to Vladivostock and back to Hull.—A. Yes.

Q. Is that the trip you said you made money on?—A. Yes.

The CHAIRMAN: You are talking about two different things.

Mr. SYMINGTON, K.C.: The £1,600 was on this Montreal trip.

The CHAIRMAN: Mr. Rinfret is asking a question on the first trip. Go ahead, Mr. Rinfret.

By Mr. Rinfret:

Q. I understood you to tell Mr. Stork that you had made money on that trip from Newcastle to Vladivostock and back to Hull?—A. Yes sir.

Q. That you made money on that?—A. Absolutely.

Q. And for part of that trip you were merely carrying ballast?—A. No, very little of the trip.

Q. I think you told Mr. Duff from Port Said to Russia?—A. That is only about 1,500 miles.

Q. That is part of the trip?—A. It is very insignificant out of 25,000 miles.

By Mr. Duff:

Q. My question is perhaps more to the point, your round trip from Hull to Montreal and back to Russia.

Mr. RINFRET: I would like to be informed on both.

The WITNESS: That is a very short run.

By Mr. Shaw:

Q. I would like to ask the witness if the maximum speed of this ship is 12½ knots per hour, loaded?—A. Yes, that is the maximum.

Mr. KENNEDY (Glengarry): Mr. Chairman, might I ask the witness a question or two?

The CHAIRMAN: Go ahead.

By Mr. Kennedy (Glengarry):

Q. You gave us in the beginning of your evidence the speed of your ship, and the consumption of coal at certain speeds.—A. Yes.

Q. And you said those figures were based on estimates?—A. On Welsh coal.

Q. Yes. Now, I would like to know how the performance of your ship tallies with the estimate?—A. Quite.

Q. Take the first voyage, from Newcastle to Port Said.—A. If I may have the book I can read it out.

Q. I would like to know the number of miles and the number of tons of coal.—A. I will give you the distance. Of course, you quite understand, we do not run this ship at 12½ knots; the most economical speed is about 10½.

Mr. DUFF: Why not take it from Hull to Montreal?

By Mr. Kennedy (Glengarry):

Q. What is the number of miles?—A. I will give it to you. Probably you could examine it yourself. You can see the navigation and so on.

Mr. SYMINGTON, K.C.: The answer was given without the details, 12½ knots.

Q. From Newcastle, the number of miles?—A. 3,465.

Q. Number of tons of coal you consumed?—A. 22.8 tons per mile.

Mr. SYMINGTON, K.C.: Give your total, then.

By Mr. Kennedy (Glengarry):

Q. The total number of tons?—A. The total number of tons was—if you will multiply it, 22.8 multiplied by 13¾ days.

Q. Now, on the trip from Hull to Montreal—that was your next trip?—A. Yes.

Q. In ballast?—A. Yes. You want the mileage?

Q. Yes.—A. 3,019 miles.

Q. Yes.—A. 11 days, 23 hours. Consumption 23.04 tons.

Q. And the speed?—A. Speed, 10.5.

Q. What was the speed on the former trip, to Port Said?—A. 10.6.

By Hon. Mr. Stevens:

Q. Captain, on this voyage you are just on now, from Hull to Montreal and return, you estimate a profit of £1,600?—A. Yes.

Q. Does that include port charges at both ends?—A. Yes.

Q. And pilotage and all charges?—A. When everything is paid.

Q. When did you say this voyage commenced?—A. When the ship was discharged at the other end, or when she came out of drydock, I suppose.

Q. That will be— —A. The day before she sails.

Q. She came out of drydock on the 28th?—A. We will base the voyage from the day she sailed, the first of May.

Q. When does the voyage end, when she is discharged?—A. When she is discharged.

By Sir Eugene Fiset:

Q. You describe your ship as a cargo liner?—A. I describe the ship as a first class freighter.

The CHAIRMAN: Any further questions to ask the witness?

By Mr. Johnston:

Q. Captain, you say the figures made up and which you put in to-day regarding coal consumption are based on estimates?—A. Are based on experience; not exactly on this particular ship, but on my experience with Welsh coal.

Q. You have been on other ships of this kind?—A. Yes.

Q. Could you give us some figures based on actual experience?—A. Yes, I can give you some figures based on actual experience. Here is the Rio Claro.

By the Chairman:

Q. What about the Rio Claro?—A. She makes 200 miles a day on 14 tons; 210 miles on 16 tons; 240 miles on 21 tons.

By Hon. Mr. Sinclair:

Q. What kind of coal?—A. Welsh coal. 241 miles on 21 tons.

By the Chairman:

Q. This is actual?—A. It is actual.

By Mr. Johnston:

Q. This is all on one voyage?—A. Yes.

By the Chairman:

Q. Is she a sister ship?—A. Yes, a sister ship. The Rio Dorado is a little larger than the other ship. The ship also makes 210 miles on 15½ tons, but that is in ballast.

By the Chairman:

Q. You say, "There is a little difference." What do you mean?—A. 1,100 tons dead weight difference in favour of the Rio Dorado.

By Mr. Black (Halifax):

Q. From Atlantic ports?—A. No, sir, that was a voyage from Cardiff to Aden.

By Mr. Johnston:

Q. These last figures you gave, 215 miles on 15½ tons, was in ballast?—A. Yes.

Q. What about the other figures? Was that in ballast or loaded?—A. Loaded.

By Mr. Black (Halifax):

Q. They made better time on the Mediterranean than they do on the Atlantic?—A. Yes, we should do so. Bombay—

By Mr. Johnston:

Q. That is enough, Captain. I thought figures based on actual experience would be better than mere estimates?—A. Yes.

By Mr. Montgomery, K.C.:

Q. Are all those figures on the Mediterranean, or what?—A. On the Mediterranean.

Mr. DUFF: Why not give us the last trip from Hull to Montreal?

Mr. SYMINGTON, K.C.: We have had that; it is all on the record.

The CHAIRMAN: They were not burning Welsh coal.

Mr. DUFF: It does not make any difference.

The WITNESS: I have a chief engineer who should be an expert on coal.

By Mr. Montgomery, K.C.:

Q. You gave us as your estimated profit on the present voyage a figure of £1600.—A. That is it, sir.

Q. How did you arrive at that figure?—A. I prefer not to answer that question.

Q. We have to know. We have to get some idea. Why did you say £1600, instead of £1000, or £2,000?—A. I would rather Sir William Petersen would answer that.

The CHAIRMAN: You hazarded an opinion of £1600. On what do you base that?

The WITNESS: I based it on my experience, figuring wages and so forth at £30 a day.

By Mr. Montgomery, K.C.:

Q. In order to get £1600 you must have had some figures; what were they? —A. £900 to load; £800 to discharge; and the other expenses at £30 a day, will pretty well cover the lot.

Q. £900 to load?—A. Yes.

Q. £800 to discharge?—A. Yes.

Q. What else?—A. £30 per day for running expenses.

Q. And you are calculating that on how many days?—A. Forty.

Q. That is £1200? In other words, 30 x 40?—A. Yes.

Q. That is £2900. Anything else?—A. Coal, £550, I think it was.

The CHAIRMAN: £5,500 for the round voyage.

By Mr. Montgomery, K.C.:

Q. What else?—A. I think that is the lot.

Q. Have you any port charges?—A. I said £900 and £800.

Q. Loading and discharging includes the port charges?—A. Yes.

Q. Insurance?—A. No, the insurance comes into the £30 per day.

By Mr. Black (Halifax):

Q. Do I undertsand, Captain, that £800 includes the total expenses of your ship at the point of discharge?—A. That is it, sir.

Q. Towage and dockage and stevedoring?—A. Everything.

Q. All that you spend there?—A. Yes, that is the idea.

By Mr. Symington, K.C.:

Q. That is a grain cargo they are discussing?—A. I really must object to being questioned on that, because I am not the shipowner, and I am not the ship manager.

By Mr. Montgomery, K.C.:

Q. I wanted to find out how your figure of £1,600 was made up?—A. That was my opinion.

Mr. MONTGOMERY, K.C.: Your opinion was given to us.

Mr. SYMINGTON, K.C.: He was forced to give it by Mr. Duff, who asked him to guess.

Mr. MONTGOMERY, K.C.: He guessed £1,600.

By Mr. Montgomery, K.C.:

Q. Is it your guess that your total expense for a round voyage would be £3,400?—A. About that.

By Mr. Duff:

Q. Let us have the freight now. Tell us what your gross freight is?—A. I have not got it. I have not calculated that. I can tell you that when the ship is loaded.

By Mr. Montgomery, K.C.:

Q. You must have had something to base your figure of £1,600 on. What was it?—A. 7,900 tons.

Q. At how much?—A. 17 cents per 100 pounds. Say 8,000 tons, it is easier to calculate. 8,000 tons multiplied by 22,240, multiplied by 17.

The CHAIRMAN: Let us have your question, Mr. Black, so we can hear you.

By Mr. Black (Halifax):

Q. If the ship is loaded two-thirds oats and one-third barley, will that weigh 7,500 tons?

The CHAIRMAN: No, it was two-thirds barley and oats and one-third rye.

By Mr. Black (Halifax):

Q. Would that weigh 7,500 tons?—A. Yes.

By Mr. Montgomery, K.C.:

Q. So that according to your figures, if we are to take those as correct, you would make 2,200 pounds on this round voyage?—A. I do not commit myself to anything in that respect.

Q. Carrying grain only?—A. Yes. It is not difficult to prove the figures, of what it cost. You can easily get the figures.

Mr. MONTGOMERY, K.C.: You can run us out of the North Atlantic without the slightest trouble.

By Mr. Montgomery, K.C.:

Q. I am asked to get the following information, Captain? You spoke of a cargo of rice by the *Rio Azul*?—A. Yes.

Q. From Rangoon to Sydney?—A. Yes.

Q. Will you tell us the date when that voyage occurred?—A. April, 1922.

Q. What boat were you comparing that with? There was no comparison there?—A. No.

Q. I think there was a comparison on the second.—A. I was comparing that, if you wish, with the whole world, that particular cargo. I would challenge anything against it.

Q. You did make a comparison of two ships.

Q. I think on the second trip you made a comparison between two ships, Great Britain, Newcastle to New South Wales via Karachi?—A. Yes.

Q. What is the date?—A. September to December.

Q. What year?—A. 1921.

Q. In that case the *Bradclyde* was the other ship?—A. Yes.

Q. The third was from England to Buenos Aires?—A. Yes.

Q. What date?—A. May, 1923.

Mr. DUFF: I do not see how we are interested in anything outside the North Atlantic. Why do we go over the whole world. The whole thing is wrong. The only thing we are interested in is the North Atlantic. Let us stick to that.

The CHAIRMAN: I think Mr. Symington asked him some questions in connection with it.

Mr. DUFF: I think, Mr. Chairman, you are too generous with counsel. That is all. We are losing a lot of time.

Mr. MONTGOMERY, K.C.: I wish the examination in chief had been half as short.

Mr. DUFF: We are not interested in Port Said or China.

Mr. FLINTOFT: Why was this evidence given?

Mr. MONTGOMERY, K.C.: I would like to know why.

By Mr. Montgomery, K.C.:

Q. The other one was the trip to Mauritius. What was the other ship you compared that with?—A. The *Rio Claro.*

Q. Which other ship were you making the comparison with?—A. The Largo Law.

By the Chairman:

Q. How do you spell that?—A. L-a-w.

Q. L-o-u-g-h, probably?—A. L-a-w. One of Thomas Law's ships, of Glasgow.

Mr. SYMINGTON, K.C.: I want to put the engineer in to have him put in the log. Call Mr. MacIntosh.

The CHAIRMAN: You can get a copy of that register and have it certified by the Custom House and send it up.

The WITNESS: I will do that.

By Mr. Montgomery, K.C.:

Q. Have you a scrap log?—A. No, we have a regular log. This is the nautical diary.

Mr. SYMINGTON, K.C.: The scrap log, you mean.

Mr. MONTGOMERY, K.C.: Do not ask me what I mean, I do not know.

The WITNESS: It is a rough log. The other log is copied from it.

By Mr. Symington, K.C.:

Q. You have not got any scrap log here?—A. No. The other is the original.

Witness discharged.

ALEXANDER MACINTOSH, called, sworn and examined.

By the Chairman:

Q. You were born in Scotland, Mr. MacIntosh?—A. Glasgow.

Q. Are you the Chief Engineer of the Rio Dorado?—A. Yes.

By Mr. Symington, K.C.:

Q. If we had the time I would like to ask the witness some questions, but it is very late. I am just asking you to produce your log and this is the copy of it.—A. This is an abstract from the log.

Q. An abstract from the log, of the trip? You can leave the abstract?—A. Yes.

Exhibit No. 76: Abstract of Chief Engineer's log of SS. *Rio Dorado.*

EXHIBIT

ABSTRACT FROM CHIEF ENGINEER'S LOG of the S.S.
From Hull—Date
To Montreal—Date Arriving

Date and Time of Arrival and Departure	Steam Pressure			Indicated Horse-Power				Vacuum	Expansion	Temperature			Boiler Water Density Ounces	
	Boiler	Receivers 1st	Receivers 2nd	H.P.	1st H.P.	2nd H.P.	Total			The Sea	Engine Room	Feed Water	Port	Centre-Star'd
								"	"	°	°	°		
April 30th:—Left Hull 11.10 p.m. (Summer time) and proceeded down river till dropped pilot and														
May 1, Fri.	180	45	3½	632	562	513	1,707	25	3	45	68	170	½	Fresh-Fresh
" 2, Sat.	180	49	5½	.....	.....	.....	.....	24½	....	47	82	180	½	" "
" 3, Sun.	180	55	5½	.....	.....	.....	.....	25	....	49	83	183	½	" "
" 4, Mon.	180	53	5	.....	.....	.....	.....	25	....	50	82	190	½	" "
" 5, Tues.	180	45	3½	.....	Average 1 H.P. = 1,707	.....	.....	25	....	49	80	170	½	½ oz. ½ oz.
" 6, Wed.	180	60	7½	.....	.....	.....	.....	25	....	48	81	195	½	" "
" 7, Thurs.	180	59	6½	.....	.....	.....	.....	25	....	54	84	200	½	" "
" 8, Fri.	180	57	7	.....	.....	.....	.....	25	....	53	83	202	½	" "
" 9, Sat.	180	54	6	.....	.....	.....	.....	25	....	39	81	190	½	" "
" 10, Sun.	180	55	6½	.....	.....	.....	.....	25	....	36	80	187	½	" "
" 11, Mon.	180	59	7	.....	.....	.....	.....	24½	....	37	82	203	½	" "
" 12, Tues.	180	60	7½	.....	.....	.....	.....	24½	....	40	84	204	½	" "
" 12, Tues.	180	60	7½	.....	.....	.....	.....	24½	....	44	85	202	1	1 oz.-1 oz.
" 12. Tues.	Arrived Father Point (Pilot Station), 8.25 p.m. (Clock back 21 mins.) Passage ends for Abstract).													
	180	55	6					24¾						

Averages	Results of Voyage
10·5 knots per hour.	Distance run..... 3,019 miles.
66·8 revolutions per minute.	Actual steam time.....11–23 hours, 47 mins.
Tons = ·96 coals per hour.	Consumption of coal.....278 tons, 0 cwts.
Tons = 23·04 coals per hour, 24 hours.	Consumption of oil, engine... 36½ gals.
	Consumption of oil, clyinder. 5½ gals.

MESSRS. PETERSEN & CO., LTD., 6 Lloyd's Avenue, London, E.C. 3.

No. 76

"Rio Dorado" Light Ship—Round Voyage No. 2 -Trip No. 1—Commander—R. HOCKEN.
Leavings:—30th April, 1925, 11 p.m.
:—12th May, 1925 at Father Point.

Daily Engine Counter	Hours		Revolutions per Minute	Distances Run in Knots per Day for Hours in Column 23		Speed of Ship in Knots per Hour		Coal Consumption		Lbs. per 1 H.P. per Hour	Remarks
	Under Steam	Less Stops		Obs.	Screw	Obs.	Slip %	Per day	Bkts. ash. per Watch		
	H. M.	H. M.						ton cwt.			State of the Weather
full away 2.15 a.m., Friday 1st May (clock black 1 hour)											
43,860	16–00	10–45	68·0	109	129	10·0	11·8	10–10	.....	1·26	Light wind on Star'd. bow.
99,600	24–10	24–10	68·7	290	294	12·0	1·3	24– 0	12	.....	Light head wind and Smooth sea.
98,410	24–32	24–32	66·8	264	291	10·8	9·3	24– 0	11	.....	Mod. breeze and Smooth sea, showery (water run into No. 3 hold).
97,840	24–31	24–31	66·4	260	289	10·6	10·0	24– 0	10	.....	Fresh breeze and rough sea, vessel rolling.
92,340	24–19	24–19	63·3	215	273	8·8	21·2	24– 0	11	.....	Fresh breeze and rough sea, vessel rolling, engines racing.
99,930	24–30	24–30	68·0	280	295	11·4	5·0	24– 0	11	.....	Light beam wind and smooth sea.
98,370	24–25	24–25	67·0	270	291	11·0	7·2	24– 0	11	.....	Var. breeze and slight sea.
97,420	24–24	24–24	66·5	265	288	10·8	7·9	24– 0	10	.....	Mod. breeze and slight sea.
93,100	24–27	24–21	63·6	240	275	9·9	12·7	22– 0	10	.....	Fresh breeze and mod. sea, eased down for fog 6 hrs., 9 mins.
86,230	24–18	24–18	59·8	212	255	8·7	16·8	21–0	10	.....	Mod. breeze and slight sea, eased down for fog, 7 hrs., 45 mins.
100,050	24–24	24–24	68·3	281	296	11·5	5·0	24– 0	12	.....	Light breeze and smooth sea, clear.
102,310	24–22	24–22	69·7	245	302	10·0	18·8	24– 0	10	.....	Mod. breeze and sea, eased down for fog, 2½ hours.
37,880	8–46	8–46	72·0	88	112	10·0	21·4	8–10	12	.....	Strong current against.
1,147,340	293–2	287–47	66·8	3,019	3,390	10·5	10·9	278 tons (11 bkts. ash per watch=15% ash.			

	Consumption of Stores as used for the Engines Alone							
	Coal		Oil			Tallow		Waste
	Tons	Quality	Engine	Cyl.	Colza		Tunnel Grease	
			gals.			lbs.	lbs.	lbs.
On board leaving Hull (Pilot vessel)	928	So. Yorkshire mixed, V.G. strong, 15 p.c. ash.	283½	58	46	6	140	220
Consumed. Hull (Pilot) to Father Point (Pilot)	278	.....	36½	5½	6	0	10	30
Remaining at Father Point (Pilot),	650	.....	247	52½	40	6	130	190

Signed, ALEXANDER McINTOSH,
Chief Engineer.

By the Chairman:

Q. That is a copy from your own log book and you swear this is a faithful copy?—A. Yes.

By Mr. Symington, K.C.:

Q. I notice on this trip, from Hull to Montreal, by Exhibit No. 76, according to your log, your boat ran 10.5 knots an hour, 3,019 miles, on 278 tons of coal? —A. That is correct.

Q. Which coal was Yorkshire coal?—A. South Yorkshire coal.

Q. And this shows the revolutions and all the various details of an engine room, does it not?—A. It does.

Q. All these headings?—A. Yes, the varying pressure and the weather.

Q. Who is responsible for the keeping of the log?—A. I am.

Q. You keep this log book?—A. I keep this log book.

Hon. Mr. STEVENS: There is just one thing about both of these logs which I wish Mr. Symington would clear up; that is this, that they actually pulled out of Hull, away from the berth, the day before the date given here. There would be some consumption of coal there, but this dates to Father Point, and they did not arrive in actual berth at Montreal until the second day afterwards.

Mr. SYMINGTON, K.C.: This log shows that, Mr. Stevens. The Engineer's log shows it.

Hon. Mr. STEVENS: There must be some consumption of coal beyond that much, 278 tons, from the time they dropped the pilot until they came to Father Point.

Mr. DUFF: They took on the pilot.

By Mr. Symington, K.C.:

Q. What does your log show from Father Point to Montreal?—A. 26.10 tons.

Q. This is up to the arrival in Montreal?—A. Up to the arrival in Montreal.

Q. 26.10 tons?—A. Yes.

Q. What provision have you for measuring the amount of coal that you burn?—A. At this time, when we left Hull, there were 278 tons put in the cross bunker, which was an empty space. When we arrived in Montreal we had burnt all that less one ton, so we knew exactly the quantity we burnt.

Q. It is all long ton?—A. Yes. I generally take a measurement of coal in the trip, put in empty measurements, measure it for the length of eight hours, and that gives me the approximate quantity that I am burning. Outside of that, I take cards from the engine and it shows the speed she is running at and we work it out at so many pounds per horse power, which gives me a closer approximation of the tally.

By the Chairman:

Q. Well, do you find that these different methods bring about the same result, Mr. MacIntosh?—A. Practically.

Q. When you say practically, what would variation be?—A. A hundred weight or two per day.

Q. You get it within a ton or so?—A. That is a big estimate, a ton; a hundred weight or two, no more.

Q. A hundred weight or two; on the long voyage you would get within a ton or two?—A. Within a ton or two.

The CHAIRMAN: Well, now, gentlemen, I think we have done a very good three hours' work. I am going to discharge the witnesses, subject to the Captain sending up the copy of the register. I think that should be satisfactory. You are discharged, Mr. MacIntosh, with the thanks of the Committee.

Witness discharged. [Mr. Alexander MacIntosh.]

The CHAIRMAN: When are we going to meet next?

Mr. MONTGOMERY, K.C.: I think these documents should be left with us overnight, in order that we may be able to examine the witnesses properly. We have had no opportunity to examine either the documents or the witnesses.

The CHAIRMAN: Can you see any objection to that, Mr. Symington? Mr. Montgomery has made a request of Mr. Symington, and I have asked Mr. Symington if he has any objection. If Counsel have any objections, let them make them to the Chair, and not to one another.

Mr. SYMINGTON, K.C.: We will give them copies of the log book. The ship is sailing to-morrow. My learned friend has copies of the log book now.

Mr. MONTGOMERY, K.C.: Of course these are on one sheet only. We do not want to keep the log book at all but we have had no opportunity whatever of looking over it.

The CHAIRMAN: Is that satisfactory? If so, the log book will be handed to Mr. Montgomery, to be returned to-morrow morning.

Mr. SYMINGTON, K.C.: Yes, to be returned to-morrow morning, before the noon train.

The CHAIRMAN: This Committee will stand adjourned until to-morrow at 3.30 p.m.

The Committee adjourned.

PARLIAMENTARY SESSION, 1925

Special Committee appointed to consider the

Resolution

to Give the Government of Canada Control over Certain Ocean Rates

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Proceedings of the Committee

No. 18—Tuesday, May 19, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee.

Messrs. George H. Montgomery, K.C., E. P. Flintoft, C. Russell McKenzie, for the steamship companies.

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. Herbert T. Shaw, Leather Manufacturer, Montreal, Que.

Colonel Henry A. Mullins, Cattle Exporter, Winnipeg, Man.

Mr. William W. Moore, Cheese Exporter, Montreal, Que.

Mr. Thomas H. Thompson, Accountant, Cairn Line, Newcastle-upon-Tyne, England.

EXHIBITS

No. 77—Letter from Canadian Canners, Limited.

No. 78—Documents filed as Exhibit No. 14A before the Agricultural Conditions Committee of 1923.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
COMMITTEE ROOM No. 277,
TUESDAY, May 19, 1925.

The Committee met at 3.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

All members of the Committee present.

A letter received from Canadian Canners, Limited, listing their principal products and prices was ordered to be filed as Exhibit No. 77.

A duplicate copy of Exhibit No. 14A before the Agricultural Conditions Committee of 1923, "Delegation to Ottawa *re* high ocean freight rates, February 27th, 1914," was ordered to be filed as Exhibit No. 78.

On motion of Mr. McKay, seconded by Mr. Rinfret,—

Agreed, That Mr. Herbert T. Shaw, leather manufacturer, Montreal, and Colonel H. A. Mullins, cattle exporter, Winnipeg, be heard as witnesses before the Committee.

Mr. Herbert T. Shaw, leather manufacturer, Montreal, who was in attendance, was called, sworn, examined, and was discharged from further attendance.

Colonel Henry A. Mullins, cattle exporter, Winnipeg, who was in attendance in obedience to summons, was called, sworn, examined, and retired.

The Committee adjourned at 6.05 o'clock p.m. to meet again at 8.30 o'clock p.m. this day.

The Committee reassembled at 8.30 o'clock p.m., the Chairman, Mr. McMaster, presiding, with all members of the Committee present.

Colonel Henry A. Mullins, who was again in attendance, was further examined and was discharged from further attendance.

Mr. William W. Moore, cheese exporter, Montreal, who was in attendance in obedience to summons, was called, sworn, examined, and discharged from further attendance.

On motion of Mr. McKay, seconded by Mr. Duff,—

Agreed, That Mr. F. C. Cornell, of Montreal, be heard as a witness before this Committee.

The name of the witness, Mr. F. C. Cornell, was repeatedly called in the committee room and in the corridors, but the witness did not answer.

Mr. Thomas H. Thompson, accountant, Cairn Line, Newcastle-upon-Tyne, England, who was in attendance, was called, sworn, and retired.

The Committee adjourned at 10.25 o'clock p.m. to meet again at 11 o'clock a.m. to-morrow, Wednesday, May 20, 1925.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,
HOUSE OF COMMONS,
TUESDAY, May 19, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 3.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have a quorum, so the Committee will please come to order. I would like to bring to the attention of the Committee a letter which I received from Mr. Caldwell, who was examined the other day. He has sent, at my request, a schedule of some of the principal commodities which his company exports, and the prices.

Hon. Mr. STEVENS: What company is that?

The CHAIRMAN: The Canadian Canners, Limited.

Hon. Mr. SINCLAIR: That was the gentleman we examined in camera the other evening?

The CHAIRMAN: Yes.

Hon. Mr. SINCLAIR: What has he furnished?

The CHAIRMAN: A schedule of the principal commodities and their prices c.i.f. United Kingdom. This was desired in order that their freight rates might be compared with the commodities carried. I will order this letter filed, but will not order it printed at this time.

EXHIBIT 77: Letter from Canadian Canners, Limited, listing principal commodities and prices.

The CHAIRMAN: Anything further before the Committee, before we proceed with the next witness?

Mr. SYMINGTON, K.C.: Mr. Chairman, in the Agricultural Conditions Committee there was an exhibit filed as No. 14A. Under the orders, as I understand it, from Parliament, these were transferred to this Committee, and I would like to have 14A filed as an exhibit.

The CHAIRMAN: I doubt my right to order an exhibit filed in another proceeding before this Committee, but I had the opportunity of looking at the exhibit, and I find it is in duplicate, and being in duplicate, I will order one of the duplicates filed, while the other remains where it is.

Mr. MONTGOMERY, K.C.: What is it?

Mr. SYMINGTON, K.C.: A printed case of the flour people following Sir Henry Drayton's report. It is on the differential question.

Hon. Mr. STEVENS: Are you going to examine in regard to it?

Mr. SYMINGTON, K.C.: I had not intended to.

The CHAIRMAN: I will order a duplicate filed.

EXHIBIT 78: Duplicate copy of Exhibit 14A before the Agricultural Conditions Committee.

The CHAIRMAN: We will have it if we need to refer to it. It may be of some value. What is the next item of business. Mr. Symington, have you another witness?

HERBERT T. SHAW, called, sworn and examined.

Q. Your full name is Herbert T. Shaw?—A. Yes.
Q. Where is your home?—A. Montreal.
Q. Your business?—A. Sole leather.

Mr. RINFRET: What is his name?

The CHAIRMAN: His name is Herbert T. Shaw; he lives in Montreal and his business is sole leather.

By the Chairman:

Q. Are you a manufacturer or dealer, or both?—A. Manufacturer.

By Mr. Symington, K.C.:

Q. What is your company, Mr. Shaw?—A. The Anglo-Canadian Leather Company.
Q. What is your position?—A. I am the treasurer.
Q. Your company is the Anglo-Canadian Leather Company?—A. Yes.
Q. What is the nature of that business?—A. We manufacture sole leather.
Q. That is you tan and manufacture?—A. Yes. We buy the raw hides and manufacture them into sole leather.
Q. Do you do an export business?—A. We do.
Q How long has your company been in business?—A. Well, under different names, for fifty years.
Q. Now, have you a list of the rates on leather from Montreal to Liverpool?—A. I have.
Q. Would you give the Committee just what the rates were, extending over a period?—A. The rates on sole leather, from Montreal to Liverpool, in 1909, 1910 and 1911 were 21.7 cents per hundred pounds.

By Mr. Montgomery, K.C.:

Q. If you will give us those, so we will be able to register them—we are not shorthand writers?—A. 1909, 1910 and 1911, 21.7 cents per hundred pounds; in 1912, 32.5 cents per hundred pounds.

By Sir Eugene Fiset:

Q. From where?—A. From Montreal to Liverpool. In 1913, 34.2 cents; in 1914, the same. The average for the six years preceding the war was 27.69 cents per hundred pounds.

By Mr. Symington, K.C.:

Q. What is the present rate?—A. 85 cents per hundred pounds.

By the Chairman:

Q. That is, 1925, 85 cents?—A. Yes.

By Mr. Symington, K.C.:

Q. There seems to have been a considerable increase between 1911 and 1912, Mr. Shaw?—A. Yes, sir. I noticed that when I made these figures up.
Q. That is there is an increase of over ten cents between 1911 and 1912? The present rate is four times the 1911 rate, from your figures, and about two and what?—A. 2.4 times the 1914 rate.
Q. Have you exported? Have you got a list of your exports, the amount of your exports?—A. For twelve months, ending July first, 1914, we exported 1,731 tons to England.
Q. Ending July first, 1914?—A. Yes.

By Mr. Duff:

Q. Have you got a copy of that to give to Mr. Montgomery, instead of taking down all these figures?—

The CHAIRMAN: No. Go ahead, Mr. Shaw.

The WITNESS: Our exports to England in 1922 were 322 tons; in 1923, 655 tons; in 1924, 813 tons.

By the Chairman:

Q. May I inquire whether the rate went down or up between 1922 and 1924, the ocean freight rate?—A. The tendency was down; the exact dates, I forget.

Mr. SYMINGTON, K.C.: I can give you that, I think, Mr. Chairman, from their exhibit No. 53. It was one dollar in 1922; 75 cents in 1923 and 85 cents in 1924, the last item on Exhibit No. 53.

Mr. DUFF: Was that the highest during the whole of the period, one dollar?

The CHAIRMAN: The 1919 rate was $2.50, after the war. In 1920 it was $2.50; in 1921 it was $2.

By Mr. Symington, K.C.:

Q. Now, Mr. Shaw, do you import some hides?—A. Yes, we always have imported hides from South America.

Q. What are the rates on hides from South America?—A. Well, on dry hides, I find, in 1913, we imported dry hides from the Argentine for 80 cents a hundred, and also at 70 cents a hundred pounds. In 1921 the rate broke down to—Well, it had gone higher during the war, of course, but in 1921 the rate was 50 cents, and 50 cents in 1922; fifty-five to sixty cents in 1923, and as low as 45 cents in 1924, against the 1913 rate of 70 and 80 cents.

Q. That is, the rate on dry hides from South America is 25 to 30 cents lower than the pre-war rate?—A. Yes, the rate on dry hides is now lower than the 1913 rate.

Q. What is the distance from Buenos Aires, South America?—A. I know it is more than double the distance to Liverpool from Montreal.

Q. More than double the distance?—A. More than double the distance.

By the Chairman:

Q. I did not catch the rates on dry hides from Buenos Aires to Montreal?—A. To New York and Boston.

Q. Would you mind giving them again?—A. In 1913 they ran from 70 to 80 cents.

Q. Per hundred pounds?—A. Yes.

By Mr. Symington, K.C.:

Q. In 1921?—A. 50 cents.

By the Chairman:

Q. In 1922?—A. Fifty cents; in 1923, from 55 to 60 cents; in 1924, the top rate was 60 cents, and the bottom rate was 45 cents.

Q. Have you got the 1925 rate?—A. No.

Mr. SYMINGTON, K.C.: That is as far as the hide—

By Mr. Montgomery, K.C.:

Q. You have no import rate for 1925?—A. We have not imported any hides, this year, from there.

By Mr. Symington, K.C.:

Q. The point being that hides into New York from South America, from which this leather is made, are lower than the pre-war rate?—A. Yes.

Q. But your finished leather is what you have given us, four times the 1911 rate and 2·4 times the 1914 rate?—A. Yes.

Q. Now, what effect has that had on your business, Mr. Shaw?—A. Well, it naturally discourages us from producing leather and sending it to England.

Q. How do you mean, that it discourages you?—A. Because there is a high freight on leather to England and because it comes out of our pocket, and the higher it costs, the more comes out of our pockets. It is a dead loss to us.

By the Chairman:

Q. The higher it costs, the fewer you export?—A. Yes.

By Mr. Symington, K.C.:

Q. Has it interfered with your exports?—A. If you will notice we increased our exports during 1922, during 1923 and 1924. During that period we were trying to show that we could build up our business in England, which we had lost during the war and the actual figures show that we did build it up, as far as customers are concerned, but from a financial point of view we have come to the decision that we will not press that business at the present high rates.

Q. Did you have any considerable part of the market prior to 1914?—A. We did a large business in England.

Q. I see you did; 1,731 tons, in 1914?—A. It was a large business there.

The CHAIRMAN: You might ask the witness—perhaps I might ask him.

Mr. SYMINGTON, K.C.: You ask him.

By the Chairman:

Q. Do you know what ships carry raw hides from Buenos Aires to New York? Do you know whether they are Conference lines or tramps?—A. I understand there was no Conference rate on hides. They get the best price they can. That is my understanding of the situation. I have the bills of lading here from the Houston Line, Barber and Company, the Commercial South American Line, Moore and McCormick; that is the Commercial South American; Lampert and Holt, Christophersen—that seems to be a Danish or Swedish line; the Norton Line of steamers, the Wilhelfson Steamship Line. That seems to be all I have here.

By Mr. Symington, K.C.:

Q. You say it is your understanding that there is no Conference rate on hides from South America?—A. That is my understanding.

Q. Now, have you taken this matter up, from time to time, for the purpose of getting this adjusted?—A. I started to try and get our rates reduced back in 1920. I have been at it for five years.

Q. Are you still at it?—A. No, I cannot waste my time at it any more.

Q. What is the answer they gave you?—A. The usual reply was, if we reduced the rate we would not get any more business, so why reduce it? And that there was a certain amount of business being done there; and another answer, they would give, was that we were on even competitive terms with American tanners, and if they reduced the rates here, they would have to reduce them to the American tanners and we would be no better off.

By Mr. Duff:

Q. What other competitors would you have besides the American?—A. The competition we wish to meet is from the English tanner in England.

By Mr. Symington, K.C.:

Q. What is actually your request, Mr. Shaw?—A. Our request is that we be given a fair rate on sole leather from Montreal to England.

Q. To meet, not American, but English competition.—A. To meet English competition, not American.

By the Chairman:

Q. Did you ever inquire what the rate on raw hides was from Buenos Aires, say, to Liverpool?—A. No, I never did.

Mr. DUFF: About the same as to Canada.

By Mr. Halbert:

Q. What do you mean when you say a fair rate?

By Mr. Duff:

Q. Do the English tanners buy their hides in Buenos Aires?—A. Yes they buy some there.

Q. A great many there.—A. Yes.

By the Chairman:

Q. Mr. Halbert asked you what you would consider a fair rate.—A. I should add forty per cent to 27 and you get 38. That is my answer as to what I would consider a fair rate.

By Mr. Symington, K.C.:

Q. What is that again?—A. Forty per cent of a general freight rate level for the six years preceding the war. When I say forty per cent, I believe that is the increase the steamship lines got on their general average cargo.

By Mr. Halbert:

Q. Do you consider you are discriminated against on leather?—A. I consider I am paying a bonus, when they charge me 85 cents; I am paying someone else's bills.

By Mr. Symington, K.C.:

Q. Is there a large market in England for sole leather?—A. Well there are forty million people there.

Q. And you think that your exports could be increased?—A. They could, at least fifty per cent.

Q. Have you a letter you wrote on December 19th to Mr. Kirkpatrick of the C.P.R.?—A. I have.

Q. Would you produce it please?—A. Yes, this is a copy.

Q. This is a letter from the Anglo-Canadian Leather Company to Mr. W. M. Kirkpatrick, Foreign Freight Traffic Manager of the Canadian Pacific Railway, Montreal. It is dated December 19, 1924, in *re* "Ocean Rates on Sole Leather, Canada to Great Britain":—

> "We enclose copy of letter written Sept. 29/24 by Mr Brown of the Transportation Department of the Canadian Manufacturers Association, Toronto, on the subject of ocean freight rates on sole leather from Canada to Great Britain.
>
> "During the past two years we have been endeavouring to rebuild our English leather business in spite of high freights. We have come to the conclusion that it is impossible to do anything but spasmodic business, and we expect figures of shipments next year will show up this way.
>
> "With reference to your remarks to Mr. Brown in your letter to him last September, that you do not believe that there will be any increased tonnage resulting from a rate reduction—some years ago when

we were shipping practically nothing, the same argument was used to stop a reduction on a rate which stood at ten times the pre-war rate. In using the same argument to prevent a reduction on a rate which stands over three times where it stood in 1914 the steamship interests have as good an argument as they previously had—i.e., (in our opinion) no argument at all.

"In looking over our shipments this year to points where the C.P.R. run steamers, we find we shipped as follows:—1,356,079 pounds per C.P.R., 408,593 pounds per White Star, 126,275 pounds per Donaldson Line. In most of the cases where leather was shipped per White Star and Donaldson Line, the reason why it was not shipped per C.P.R. was because, (1) the C.P.R. had no boat running from Montreal, or (2) some leather was shipped by another line to avoid mixing with a shipment being made at the same time over the C.P.R.

"In short, we have deliverately been throwing our business into the hands of a Canadian company in preference to foreign owned steamers.

"As far as we can judge, the various applications we have made for freight reductions are treated from the point of view of 'what we have we hold.' All we can say is this, that if you are not willing to listen to the arguments made in favour of reduction in ocean rates on leather to England and treat the case fairly on its merits, we will in future make our shipments (small though they may be) by lines other than the C.P.R.

"Yours truly,

"ANGLO-CANADIAN LEATHER COMPANY, LTD."

Q. Did that bring any reply, Mr. Shaw?—A. Yes, I was visited by a representative of the C.P.R., but he did not offer to cut the rate. In fact, I might say I was visited by, I think, Mr. Kirkpatrick, and he told me why he could not cut the rate. He explained that they were carrying a great many commodities, or a certain number at very low rates, and he had to charge me a high rate on my sole leather so that he could break even. I explained to him that that had been my whole contention for five years, but that if he pursued the same line of conduct he would only cut down my business.

Q. Have you anything more you want to say to the Committee?—A. I don't think so.

By Mr. Halbert:

Q. Did he tell you what lines he was carrying cheap?—A. He mentioned flour, I think, for one thing, and wheat, certainly. I don't remember any more.

By Mr. Montgomery, K.C.:

Q. And you cannot see why you should pay a higher rate, owing to the fact that they have not seen fit to increase the wheat and flour rate?—A. No, I cannot see why I should pay a bonus to any one.

Q. So that your idea is that this percentage of increase there has been between 1913 and 1924, or 1925 say, should be made more or less flat across the whole line of commodities?—A. Well my contention is that if they charge me the present rate, my business will be curtailed and kept down.

Q. I understand that, and we will come to that. Let us clear one point at a time. I think you have stated it quite frankly, Mr. Shaw, and there is very much to be said for your argument from one point of view; there are lots of different views on it, but you are setting up your case on principle, that even assuming there has been a general increase in expenses in carriage, that that should be spread evenly over the several commodities carried?—A. Well I admit

the steamship companies may have their difficulties and I do not pretend to solve them for them. They will have to solve their own business. I can only tell them what will happen if they charge me a high rate on my product.

Q. In any event, assuming it were true that they were carrying wheat and flour at pre-war cost, and had increased your costs more than their due proportion, that is something that strikes you as unfair and you complain about it?—A. I do.

Q. In other words, you have worked it out to a percentage, you have assumed that their general increase in cargo rates over all is forty per cent I understand?—A. Yes.

Q. And that includes wheat and flour?—A. Yes.

Q. And consequently your suggestion is that your rate should not be increased more than forty per cent over the average of the five years preceding the war?—A. I made another point.

Q. Just a moment; take one point at a time, Mr. Shaw.

By the Chairman:

Q. Is that your contention?—A. Would you just repeat that again.

By Mr. Montgomery, K.C.:

Q. May my last question be read to the witness, please.

By order of the Chairman, the reporter reads, as follows:

"Your suggestion is that your rate should not be increased more than forty per cent over the average of the five years preceding the war."

A. That is right.

Q. Now in calculating that forty per cent, I wonder if you have been quite fair in taking 27.69, as you say is the five years' average, instead of taking the 1913 rate which you gave us as 34.2.—A. I consider if I take the average rate for the six years prior to the war, that I am taking a very fair rate for the steamship companies.

Q. Let us test that now. In the first place, as regards their rates, is the forty per cent increase that you have suggested, an increase relative to the 1914 rate or to some average rate over a period of years?—A. I should want to pay not more than a forty per cent increase over the six years' average.

Q. I know, but you have assumed forty per cent in the first instance as being the general increase in the percentage of rates, or the general increase in rates. Is that comparing 1924 with 1913 or with 1909?—A. That forty per cent is not worked out to a decimal point. It is a principle.

Q. I know, but you have not been here all the time, Mr. Shaw, and I may tell you that we have it in evidence that the general increase in rates was as you say about forty per cent as compared with pre-war, which we have taken roughly to be 1913, and I assume you have got your information in a similar manner.—A. I got my forty per cent from a speech made by Mr. Meighen in the House.

Q. I see. Then we will assume that to be a reliable authority.

Hon. Mr. STEVENS: I think we should have the whole speech in, Mr. Chairman.

By Mr. Montgomery, K.C.:

Q. Do you know what rates he was comparing, pre-war with the present time?—A. (Reading) "He proceeded to quote from a summary of comparative rates for the North American area,—placing the average rates over the 15 years 1898 to 1913 as 100. On this basis the rate in September 1924 was 138.94; in November of the same year 137.52. And in February of the present year 146.5." I use the figure forty per cent more as a principle than to get down to hard figures.

Q. It is a little hard following those figures; are you able to decipher from them, that in taking a percentage of increase for 1925, was he using 1913 as the basis or an average of a period of years before that?—A. I would say he was going further back.

Hon. Mr. STEVENS: He gave the years, Mr. Montgomery.

Mr. SYMINGTON, K.C.: 1898 to 1913.

By Mr. Montgomery, K.C.:

Q. I assume as a business man, you would recognize that every industry, whether it be that of carrying goods, or of manufacturing leather, has to be allowed to make a fair profit?—A. If they can get the profit. They cannot always get a profit.

Q. I want to get your theory of the thing. Is it your suggestion that if an increase of forty per cent only over that average of years should result in a loss in the carriage of your commodities, the goods should be carried at a loss?—A. You mean if the steamship companies suffer a loss by carrying my goods, should I ask them to carry them?

Q. Yes.—A. I think in this case I would ask them to carry them at that rate.

Q. No, please; face the issue frankly, Mr. Shaw. Is it your suggestion that if the increase of forty per cent only is applied, but the rate which you are asking is one that would clearly lead to your goods being carried at a loss by the steamship companies, would you suggest that that rate should be applied?

The CHAIRMAN: Well, Mr. Montgomery, suppose he did suggest that, do you think the Committee would attend very much to his suggestion?

Mr. MONTGOMERY, K.C.: I would like to hear what he says. It is interesting to get a witness' point of view.

The WITNESS: Well, I admit frankly that I cannot solve the steamship company's problems; I can only deal with my own commodity.

By Mr. Montgomery, K.C.:

Q. But you are doing business in Canada, Mr. Shaw; you are interested, are you not, in seeing our ports and steamship services developed?—A. Yes, certainly.

Q. Quite apart from your own particular industry of manufacturing sole leather? Your interests are not confined to that are they?—A. No, they must be general.

Q. Then looking at it from that point of view, what would be your answer to my question? Is it your suggestion frankly, as a business man, that you would ask for a rate which you knew could only be granted you at a loss to the carrier?—A. Well, I should have to ask them to consider my application on its merits.

Q. I think you have asked them to do that, have you not?—A. Yes.

Q. Did they explain to you that on account of the large number of lower class commodities to be carried, on which there was practically no increase, they had been obliged to apply a somewhat larger factor of increase to your and other commodities, which you did not think was fair; do you think that is a fair statement?—A. I don't think it is fair.

Q. You do not think it is fair?—A. To charge me the present rate.

Q. That is really the principal reason of your complaint, to get right down to it?—A. The principle of my complaint is that I do not consider they listened to my arguments.

Q. I think that is hardly fair, Mr. Shaw; you had a personal visit from Mr. Kirkpatrick, hadn't you?—A. I don't think they listened to my arguments.

The CHAIRMAN: Even if they did listen to them, they did not heed them, they did not comply.

By Mr. Montgomery, K.C.:

Q. In other words, you were not able to convince Mr. Kirkpatrick that you were right, and he was not able to convince you that he was right?—A. That is so.

Q. That is about it?—A. Quite so.

Q. Supposing you had the handling of that business for yourself, Mr. Shaw—leaving the leather business for the moment, and should be made the responsible party for fixing these rates, you would try and do it so that the ships would get sufficient profit to induce them to come to our ports, would you not?—A. Well, Mr. Montgomery, I really could not advise the steamship companies how to operate their lines, or how to fix their rates. That is a bigger task than I would care to tackle.

Q. But you must not forget that you have been trying to do that; you have told them that they should apply flat increases over all; you have undertaken that responsibility, and it is my duty to ask you a few questions about it; what would you do, would you try and work out some schedule of freights on our principal exports that would give them their expenses and a reasonable profit?—A. Well, I do know on general principles that it is not human nature to cut your costs unless you are forced to.

Q. If you will follow me along a little bit, I think we will come to a better understanding with each other. I asked you if you would consider it fair, if you or any other person were called upon to fix rates, that you would endeavour to fix a rate of freights as applied to all our commodities that would give the ships a sufficient profit, we will say, to induce them to keep up their trade; would that be good business, or bad business?—A. Anybody fixing rates could hardly act differently.

Q. If you were in the position of fixing rates, and you found that for one reason or another 60 per cent of your freights could not be raised, what would you do, would you cut the boats out, or increase the others that would stand the increase?—A. Well, possibly they would have to run as they are running now.

Q. At a loss?—A. Are they running at a loss now?

Q. I am just wondering, because we have worked on the principle, Mr. Shaw, that there has been an increase in costs, which had to be taken care of—that is correct—everybody recognizes that, do they not?—A. Since when?

Q. As between pre-war days and the present time?—A. Yes, costs have risen.

Q. And that increase in costs has to be taken care of in some form?—A. Of course.

Q. And it has to be applied to all or a portion of the goods carried; is that correct?—A. It has to be taken care of.

Q. Supposing you were up against this problem, that for some reason or other the major portion of the cargo could not be increased—I refer frankly to wheat and flour?—A. I would be in a very unfortunate position, I would say.

Q. You would try to get yourself out of it?—A. Yes.

Q. What would you do to solve it; what would you do about it?—A. I would do what they are doing now.

Q. I don't think I have any further argument with you, then, Mr. Shaw. Now let us take up another thing. Can you tell us what your selling price was, laid down in England, in 1913?—A. Our shipments to England in the 12 months ending July 1, 1914, ran 26.1 cents I think, per pound.

Q. In 1914?—A. Yes.

Q. And in 1924 or 1925, whichever you can give us?—A. In 1924 I think they were worth about 24¼ cents.

Q. Let me point out to you in that connection an article which I have here, and see if that will account for it. I am quoting for your information from a survey which I am using, a line of tables which I assume to be accurate:

"Foreign competition has proved a large factor in the lower production cost in European countries."

Is that correct?—A. What countries are you referring to?

Q. First, would you agree with that as a general principle?

Mr. SYMINGTON, K.C.: What is this book my learned friend is quoting from?

Mr. MONTGOMERY, K.C.: It is the Financial Post book.

Mr. SYMINGTON, K.C.: Does it apply to Canada, or to England?

Mr. MONTGOMERY, K.C.: To Canada.

By the Chairman:

Q. Mr. Montgomery asked you about the selling price in England. The selling price in 1924 in England was, what?—A. 24 cents.

Q. Per pound?—A. Per pound.

Q. In England?—A. Yes, sir.

By Mr. Montgomery, K.C.:

Q. In 1913 what was it?—A. I cannot tell you that. I never made out the figures.

Q. In 1914 they might have been subject to very great fluctuations on account of the outbreak of war. July 1, 1914, was what you gave me?

Mr. RINFRET: That was distinctly a pre-war price.

The CHAIRMAN: Apparently from what he says, the price in 1924 was lower than the pre-war price.

By Mr. Montgomery, K.C.:

Q. According to these statistics they were exporting sole leather from England then?—A. I have never run across any.

Q. They gave the Canadian imports for 1922, 1923 and 1924, sole leather from the United Kingdom, also from the United States. They dropped considerably in 1923, and rose again in 1924?—A. That was from the United Kingdom, probably belting leather.

Q. This is given under the heading of Sole Leather. Belting Leather is given separately altogether.

Mr. DUFF: What about westbound, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: I handed the westbound tariffs to my learned friend and I have not seen them since.

Mr. SYMINGTON, K.C.: Look for them among all these papers and you will find them.

The CHAIRMAN: If they got their raw hides very much cheaper than our Canadian manufacturers of leather are able to get them, they might possibly send them out here.

By Mr. Montgomery, K.C.:

Q. In connection with your English prices, what years did you give us?—A. 1913 and 1914.

Q. And what was the 1924 price?—A. The value in the month of July, 1924.

Q. Please be fair with us, Mr. Shaw. There might be some difference there. You were comparing the returns for the year ending July 1, 1914; it would be safer to compare them in some way with the year ending July 1, 1924. You might give us the spot rate?—A. I do not believe there could be any great difference.

Q. You have all these statistics. If you are able to give them to us for the year ending July 1, 1914, why are you not able to give us similar information for the year ending July 1, 1924?—A. I have not got the figures with me.

Q. But you got them out, you do not carry them in your head; you got them out for the purposes of your examination to-day?—A. I got that figure in reply to an inquiry, the 1924 figure.

Q. An inquiry from whom?—A. From the steamship company.

Q. You got that figure out in reply to an inquiry from the steamship company?—A. From the Canadian Manufacturers' Association, in connection with the steamship business.

Q. But not exactly from the steamship company?—A. Not exactly.

Hon. Mr. STEVENS: Mr. Montgomery, if you do not mind asking the witness, would it be possible to get the price of sole leather for the corresponding periods for which we got the freight, in 1909, 1910, 1911 and 1912? I think that is the only fair way.

By Mr. Montgomery, K.C.:

Q. Have you that information here, Mr. Shaw?—A. No.

Q. Will you kindly get us a table showing the selling prices in England for the same periods for which you quoted the freight rates?

Hon. Mr. STEVENS: At Montreal, f.o.b. export. Send it on both, and the same figures on the hides. We can then get a fair comparison of the freights.

Mr. DUFF: United Kingdom, or f.o.b. Montreal?

Hon. Mr. STEVENS: Landed in England.

By Mr. Montgomery, K.C.:

Q. What was the figure you gave us for the month of July, 1924?—A. Twenty-four cents, I think.

Q. Twenty-four cents per pound?—A. Twenty-four cents per pound. That was the value of leather landed in England at that time.

Q. Twenty-four cents a pound?—A. Yes.

Q. I assume you have a large domestic business in Canada, Mr. Shaw?—A. Yes.

Q. What is your selling price in Canada to domestic consumers?—A. You would have to know the different grades. There are lots of different grades. The simplest way to answer that question is this: we sold a line of leather at nine pence per pound, the customer paid that much, and we sold the same leather to the Canadian customer at 18 cents a pound.

Q. That would be practically the same thing?—A. Yes, to the consumer.

Q. You have mentioned one particular line. But that does not check very well with your figure of 24 cents, which was your selling price in England. That was something special, evidently?—A. As I remember that figure, it was a standard line of average leather.

By Mr. Symington, K.C.:

Q. Which figure?—A. Twenty-four. That was a standard line of leather, an average line of leather.

By Mr. Montgomery, K.C.:

Q. What was your 1914 figure?—A. I added up these values, Mr. Montgomery.

Q. But what line of leather was that applied to?—A. My figures in 1914 were for all the leather I shipped over there.

Q. So that we have three different prices then; for 1914 we have the average of all the leather you shipped over there?—A. Yes.

Q. For 1924 you took a standard form of leather?—A. Yes.

Q. Not the average over all?—A. No.

By the Chairman:

Q. Of course that comparison might be quite unfair?—A. It might.

The CHAIRMAN: The proper thing to do, Mr. Montgomery, if I might suggest, is for the witness to include what he sent over in 1924 to the old country, and treat it exactly in the same way as he did to find out the price in 1914.

Mr. SYMINGTON, K.C.: Perhaps the witness can tell why he did that, Mr. Chairman.

By Mr. Symington, K.C.:

Q. Why did you take 1924 and the average in 1914?—A. In 1924 I was asked to state what was the value of leather landed in England. I sat down and figured on a standard line, and found what the average was.

By Mr. Montgomery, K.C.:

Q. For the purposes of your last question, you might give us your domestic price. You have had something else, which was considerably lower than anything else, 18 cents in Canada; that is presumably something below the average?—A. That line is below the average price of leather.

Q. So that that is the third thing you picked out for comparative purposes; don't you think you can give us something at the present time a little bit fairer, and which will be a little better comparison?—A. I could not, at the present time.

Q. But you must realize that your evidence will be very unsatisfactory upon that point, Mr. Shaw, to me at least.—A. I realize that if you want to compare things you must compare the same things.

Q. And you frankly are not doing so?—A. In this case, no.

The CHAIRMAN: May I just interject a question?

Mr. MONTGOMERY, K.C.: Yes, sir.

By the Chairman:

Q. Mr. Shaw, is leather of the sorts that you sell cheaper in England to-day or dearer, or the same price, as compared to ten years ago, say in 1914, before the war?—A. I should say the price of sole leather to-day is about the same as it was in 1914.

By Mr. Montgomery, K.C.:

Q. You mean both in Canada and in England?—A. Both in Canada and England.

By Hon. Mr. Stevens:

Q. What about the price of hides?—A. The price of hides is lower than it was then.

By Mr. Montgomery, K.C.:

Q. The price of hides is lower to-day than pre-war?—A. It is.

Q. And the price of leather is about the same?—A. Yes.

By the Chairman:

Q. And the freight rate is two and four-tenths higher?—A. Yes.

The CHAIRMAN: Is not that about what we want to get at, Mr. Montgomery? Is it not the general picture we want to get?

Mr. MONTGOMERY, K.C.: Yes, plus the witness's real grievance, which is that the freight rate has not been—

The CHAIRMAN: His grievance is this, if I may sum it up. I feel we have to drive on a bit, and I will sum this up and if it is unfair at all you will object. The witness says, in effect, "I am getting the same thing for my finished product, about the same thing, as I got ten years ago. I am paying a little less for my raw material."

Mr. MONTGOMERY, K.C.: He has not told us whether it is little or much.

The WITNESS: I am paying less for hides.

By the Chairman:

Q. Are you paying much less or about the same?

By Hon. Mr. Stevens:

Q. Give us the figure?—A. Different hides have varied in price. I will take one hide; in 1914 18½ cents; to-day 15¾ cents.

By Mr. Montgomery, K.C.:

Q. What kind of hide is that?—A. A South American packer steer.

Q. What is your average hide, the hides of which you get large shipments, out of which you make sole leather? That is what we are interested in.—A. That is a standard sole leather hide.

By the Chairman:

Q. Am I right in saying that the price of your raw material is somewhat lower?—A. Yes.

Q. "The price that I have to pay to send my finished product to Great Britain is two and four-tenths higher."—A. Yes.

Q. That is your evidence?—A. Yes.

Mr. MONTGOMERY, K.C.: Have you finished, Mr. Chairman?

The CHAIRMAN: Yes, Mr. Montgomery.

By Mr. Montgomery, K.C.:

Q. I understand that the cost of your raw materials, from the example which you have given us, is about 20 per cent lower?—A. The hides?

Q. Yes, the hides.—A. Not quite.

Q. Now, have you figured out what percentage your total freight bears to your finished product?—A. Well, we used to figure the freight was about one per cent of the value of the leather. It used to be.

By Mr. Rinfret:

Q. How much did you say?—A. Freight used to be one per cent of the value of sole leather.

By Mr. Montgomery, K.C.:

Q. That was not a very heavy burden to the industry, was it, Mr. Shaw?—A. It was enough.

Q. As a matter of fact, have you ever studied what the rates were and what percentage they bore to the value of the average commodity?—A. You mean other rates?

Q. Yes, have you ever take that up?—A. No.

Q. I think you would find, Mr. Shaw, that that is an abnormally low rate as compared to the average commodity. It could not be very much lower, could it?

Mr. SYMINGTON, K.C.: What is it now? That is what it used to be.

By Mr. Duff:

Q. What is it to-day, Mr. Shaw?—A. It is three times instead of one.

By Mr. Montgomery, K.C.:

Q. In other words, your rate is now about three per cent of the value of the product?—A. Yes, of the value.

Q. How do you sell, on a selling commission over there? Have you any sales agents there?—A. We sell on commission, yes.

Q. You have agents selling your stuff on commission in England?—A. We sell through commission houses.

Q. In England?—A. Yes.

Q. I do not want to pry unduly into your business, but what is the average commission paid?—A. Five per cent.

Q. So that your total freight, even at the present time, is a little more than one-half—the cost of carrying goods from here to the United Kingdom is a little more than one-half of what you pay a broker in London for merely turning over the sale?—A. Yes.

Q. And the fluctuations in the market are frequent, I suppose?—A. Yes.

Q. And the range of the fluctuations, we will say, which occur during any one month, what would they be, taking an average month?—A. Well, I have seen fluctuations in hides in the course of a year and a half between twelve and twenty-four cents, up and down.

Q. That is a range of a one hundred per cent increase, roughly. Twelve cents to twenty-four, did you say?—A. Yes, twelve to twenty-four.

Q. So if your freight was cut in half it would only be a matter of one and a half per cent on the selling price of the goods?—A. Yes, instead of three; that is correct.

Q. Have you any idea how leather shows in comparison to flour and grain? —A. No; I never studied those other commodities.

Q. Perhaps you can tell me about your own. Do you know how it stows? —A. They figure sole leather stows 26 pounds to a cubic foot.

Q. Have you ever figured that out, how many cubic feet to the ton that would make?—A. There are 40 cubic feet to a ton, I believe.

By Mr. Duff:

Q. That is 1,040 pounds to the cubic ton. That is right, is it not?—A. Yes.

By Mr. Montgomery, K.C.:

Q. Perhaps if you can work it out for me; we have had so many things applied to the ton, perhaps you can give it to us.—A. 1,040 pounds to a cubic ton.

Mr. DUFF: Or to a deadweight ton.

Mr. MONTGOMERY, K.C.: Yes.

Mr. DUFF: It does not go quite half, you see. A deadweight ton is 2,240, and this is 1,040.

The CHAIRMAN: Perhaps Mr. McKenzie has a question he wishes to ask.

Mr. MCKENZIE: I just had one to prompt Mr. Montgomery with.

Mr. MONTGOMERY, K.C.: I have been trying to get Mr. McKenzie to question some of the witnesses.

The CHAIRMAN: As Chairman of the Committee, I order him to go ahead. Mr. McKenzie, finish up the examination of this witness.

Mr. DUFF: Did you find out about the westbound freight rate on leather?

Mr. SYMINGTON, K.C.: We are just figuring it out. Mr. Marlow figures it at eighty shillings, and I make it seventy shillings. We are just checking it. It is sixty-five shillings, I think.

Mr. MONTGOMERY, K.C.: I think in any event you will find westbound freights are lower than eastbound.

The CHAIRMAN: Because there is less demand for space.

Mr. SYMINGTON, K.C.: Sixty-five shillings a ton.

The CHAIRMAN: Are there any further questions, either by Mr. Montgomery or Mr. McKenzie? Have the members of the Committee any questions to ask Mr. Shaw?

By Mr. Stork:

Q. There is one question I would like to ask. Just while we are on the price of hides, Mr. Shaw, you said a while ago that the price of South American hides was approximately 18 cents a pound?—A. 18½ I said.

Q. What prices are paid for Canadian hides?—A. You see, you are not comparing the same thing there again. They are a different article, and even these rates fluctuate during the year, because the quality fluctuates according to whether they are winter or summer hides.

Q. What is the average value of Canadian hides, per pound?—A. You mean to-day?

The CHAIRMAN: Give us to-day.

Mr. STORK: I suppose it will be based on the 18½ cents for American hides.

The WITNESS: The standard steer hide to-day is worth 13 cents.

By Mr. Stork:

Q. Is it as good a hide as the South American hide?—A. No, it is not as good.

Q. Why not?—A. Unfortunately they are what we call "grubby"; the grubs damage the hides, and at the present time they are taken off in the month of May, and they are not in as good condition as though they were taken off in July or August. All that produces the price per pound.

By Mr. Montgomery, K.C.:

Q. Did you understand, Mr. Shaw, that you were to give us the comparative sale prices of your sole leather in Canada and the U.K. respectively, for the year ending July 1, 1924?

Hon. Mr. STEVENS: For dates corresponding to those dates of freight.

Mr. MONTGOMERY, K.C.: I wanted the comparative selling prices here and in the U.K. He gave us only one commodity, which was an 18-cent commodity, and I wanted his average over all.

The WITNESS: I can look that up.

The CHAIRMAN: You will look it up, please, and send it to me.

By Mr. Montgomery, K.C.:

Q. And you will see, Mr. Shaw, that they are put on exactly the same basis; that is, the selling price there as compared with here.—A. Yes.

Q. That is net to you?—A. Yes.
Q. Put it on a comparative basis.—A. You want a comparative basis.
Q. Exactly.—A. Very well.

By Mr. Symington, K.C.:

Q. Mr. Shaw, in those conversations, was it ever suggested to you that this rate was a losing rate to the steamship companies?—A. I believe Mr. Kirkpatrick told me they were not making any money at 85 cents.

Q. Why the discussion about the other lower rates, then?—A. Why was the discussion?

Q. Yes.—A. Because I was pressing him for a lower rate on my particular commodity.

Q. You said he told you he had a lot of commodities he had to carry at low rates?—A. Yes, and therefore he said he had to charge us what we considered a high rate to average up.

By Mr. Montgomery, K.C.:

Q. And he referred particularly to wheat and flour?—A. Yes, he mentioned wheat and flour.

The CHAIRMAN: I am sure, gentlemen, we are very much obliged to Mr. Shaw, and I will dismiss him with the thanks of the Committee.

Witness retired.

The CHAIRMAN: Who is the next witness, Mr. Symington?

Mr. SYMINGTON, K.C.: Colonel Mullins.

HENRY ALFRED MULLINS called and sworn.

By the Chairman:

Q. Where do you live, sir?—A. Winnipeg.
Q. What is your business, sir?—A. Cattle exporter.

By Mr. Symington, K.C.:

Q. Mr. Mullins, how long have you been in the cattle business?—A. 45 years.

Q. I understand you are the last of the cattle exporters who exported before the embargo was put on; is that right?—A. Yes, sir.

Q. And you are, I understand, General Manager of the Cochrane Ranch?—A. Yes, sir.

Q. Now, can you give us, first, the rate that you paid for cattle prior to the war?

The CHAIRMAN: Prior to the putting-on of the embargo?

Mr. DUFF: No, prior to the war.

Mr. SYMINGTON, K.C.: If he can go back as far as that, all right.

The CHAIRMAN: All right, proceed, Mr. Symington.

The WITNESS: Around the embargo—about that time—30 shillings, 35 shillings and an odd case of 45 shillings. I do not remember any higher rate. A copy of a bill which I have here from 1907, on a boat called the *Mareno*, the rate was 35 shillings, £1/15, payable in English currency.

By Mr. Symington, K.C.:

Q. I think it was stated by you some place that prior to the war the average might be fairly stated at 30 shillings or $7.50 per head; is that right?—A. Yes; it would average about 30 shillings.

Q. That is $7.50 per head?—A. Yes.

Q. Now, you are in the cattle business yourself in the West now?—A. Yes.

Q. Where is your market?—A. For cattle?

Q. Yes?—A. For the cattle I am feeding on my ranch, in England, in Scotland and in Manchester.

Q. Is that, generally speaking, the export market for western Canadian cattle?—A. Yes.

Mr. MONTGOMERY, K.C.: What were those ports, England, Scotland—

The CHAIRMAN: England, Scotland and Manchester.

The WITNESS: I should have said England and Scotland.

By Mr. Symington, K.C.:

Q. The ports being Glasgow and Manchester?—A. Yes.

Q. I understand you have just returned from the Old Country?—A. Yes.

Q. You were over there on business?—A. Yes, I looked into the Canadian cattle business while I was over there.

Q. What suggestions have you to make to the Committee with respect to the possibilities of the cattle business from Western Canada to the United Kingdom, with respect to ocean rates? Do you or do you not object to the $20 rate?—A. Yes, I object to the $20 rate, because it is stopping the steer from going to the British market, which the Britisher is asking for. We made a promise to them, while we were trying to remove the embargo, that we would send them an animal weighing from 1,000 to 1,100 pounds. Under the present $20 rate it is absolutely impossible to ship that animal without a loss, from this country—from Western Canada.

Q. And is that the class of animals which Western Canada breeds?—A. That is the class of animals which Western Canada can raise plentifully.

Q. And to the best advantage?—A. To the best financial advantage in the West, on account of the conditions out there.

Q. That is, it is an animal which is fed on grain and grass and is finished in Scotland?—A. It is fed on grass during the summer time, taken in during the winter, kept in good flesh, and then sent over to Scotland for finishing purposes.

Q. And is it a fact that Canadian cattle finished in Scotland in that way command a higher price in the market?—A. Yes.

Q. For beef?—A. Yes, it brings the top prices.

Q. You say an animal weighing 1,100 pounds cannot stand the $20 cattle rate?—A. No; positively no.

Q. And what would you say about the cattle industry in Western Canada being able to progress without being able to raise that class of bullock?—A. It is holding it back in the West, because a man has to send largely locally that class of animal, not having an export market. It is driving the cattle into other channels and subjecting them to paying $2 per hundred duty into the United States. They have largely to go across the American Border into St. Paul. Train loads left last year which would have gone this way, if we could have shipped them at a figure to get them over to the market. The feeders in Great Britain are asking for that type of steer, which is being driven across the line.

Q. Do I understand that the $20 figure applies, irrespective of the weight of the cattle?—A. Absolutely, except you put five in four spaces, which is suicide to the cattle industry.

Q. For smaller cattle you still pay the $20 rate?—A. Yes.

Q. But if you put five in four—A. If you put five in four spaces, you are allowed 10 per cent off which brings it down to about $18, but the crowding of five into four spaces was the reason why the embargo was placed by Great Britain upon Canadian cattle—

Mr. MONTGOMERY, K.C.: Oh, no—

The WITNESS: Just a moment, and I will explain it to you. (Counsel for the shipping companies indicating dissent). I am not a professional man, but I say "Yes." The crowding of cattle, five into four spaces, caused the animals to land over there deteriorated, and Great Britain placed the embargo against Canadian cattle on one cow alone landed off the *Mount Stephen*. I was there when it landed.

By Mr. Symington, K.C.:

Q. Do I understand you to say that you require a lower ocean rate for the lighter weight cattle? How about space? Have you anything to say about space?—A. No, it is not plentiful.

Q. Do you need more space?—A. Yes. I could do with a little just now.

Q. You mean you are short of space just now?—A. No, I am not particularly short, but I have a shipment coming through here and I could do with some more. I left them at home.

Q. I am not speaking of you personally, I am speaking of the industry. Could the cattle industry use more cattle space on boats now?—A. Yes.

Q. What is the effect of either the inability to export or the lack of space on the price of cattle generally, in Canada?—A. Well, it had its bearings yesterday in Toronto. The price of cattle was reduced yesterday on account of lack of space. A good many men in Toronto would have bought export cattle if they could have obtained ocean space in Montreal yesterday.

By Mr. Johnston:

Q. What effect did that have on the price yesterday?—A. Probably a half-a-dollar a hundred.

By the Chairman:

Q. Reduction?—A. Yes.

Q. A half-a-cent a pound?—A. Yes.

By Mr. Symington, K.C.:

Q. In the development of this cattle industry, do Ontario and the West ship at the same time? Is that the idea? Or have they seasonal shipments? Do you ship all the year round or when do you ship cattle to the old country?—A. We can ship all the year round, but Ontario has grass earlier than Western Canada, and they ship grass cattle earlier than we do. We are trying to educate the farmer to feed his rough grain and rough straw for the first six months of the year, so as to have all-year shipments, some out of grass, some out of feed, in Western Canada. Personally I am feeding from 200 to 300 each winter.

Q. And you think that Ontario and the West, with the development of the industry, would have all-year-round shipments?—A. I do.

Q. Now, with respect to heavier cattle, what is the situation?—A. We get a heavy bullock over for the same price.

Q. For $20?—A. If it weighed 2,200, it would cost the same price as a thousand-pound one, unless we put five in four spaces.

Q. And the price, I understand, in England seems to be fairly good these days?—A. Yes, the market is good.

Q. What is the cause of that, do you think?—A. Well, it is due to the limited quantity going from here, and the ravishes of foot and mouth disease over the British Isles shortening the supply over there, and they have not as many home cattle and they are not going over in any great numbers from here—not nearly the numbers they can absorb over there.

Q. Who are the competitors with Canadian cattle in the English and Scotch market?—A. Ireland.

Q. Anybody else?—A. A few stocker breeders in England.

Q. No foreign country; New Zealand—A. Not so far as live cattle is concerned.

Q. Or the Argentine?—A. No.

Q. So, apart from Ireland, Canada should have the field to herself?—A. Largely, yes. She has it with her well-bred cattle.

The CHAIRMAN: I would like to ask a question right here.

By the Chairman:

Q. I heard in Montreal the other day that the supply of stockers from Ireland had been reduced this year. Is that correct?—A. Yes, sir.

Q. Do you know the reason why?—A. Well, the Irish had a monopoly of the cattle market—on the store market—from September, 1892, and we were shut out, but he slipped on the breeding and his cattle are not as well bred as the Canadian stores. In the Perth market there were 100 Canadian stores and a bunch of Irish stores, and the Canadian stores were bought, while the Irish stores were left standing. The Canadian stores were bought but there did not seem to be any buyers for the Irish stores; the buyers seemed to leave the ring. They sought Canadian cattle first. Canada has a good reputation over there.

There is another thing which I might explain to this Committee, and that is that the offal from the Canadian cattle are healthy, and the Irish offal are diseased. A big percentage—most generally 33 per cent to 50 per cent—of the Irish offals are wrong. I have a statement from the Government Food Inspector at Woodside lairages at Birkenhead, dated March 20th, I think it was—however, the date is immaterial—where he showed me a bunch of Irish offals hanging on a hook, and he said they were all condemned; he showed me the Canadian offal—the liver and the heart—

By Hon. Mr. Sinclair:

Q. Tubercular?—A. No, sir, a flukey liver, due to snails coming up from the water and getting into the grass. He took one of the livers, and squeezed it, and pressed a snail out of it, and showed me what he called a flukey liver. I never saw it before but they were all condemned offals. That gave Canada a wonderful recommend, and he said, "how healthy and hearty those were". If the Canadian steer gets into the feed lot in Great Britain he goes ahead right from the day he goes in. He has no troubles with those livers.

Q. What rate would you say those bullocks could stand on the ocean?—A. This small cattle, if the present demand keeps up, we would say $15.—A. $12 rate would probably be a right rate. That would encourage the industry and make it possible to encourage the men out West, on the land, to go into the cattle business. It is the only thing that will save the country.

By Mr. Duff:

Q. And permit you to ship eleven hundred pound steer?—A. Yes.

By Mr. Symington, K.C.:

Q. A 1,200 to 1,500 pound steer, I believe?—A. Yes. Twelve to fifteen hundred pounds, and would permit us to ship the steer they are asking for in Britain.

Q. You have told us prices are high over there to-day.—A. Yes.

Q. What is the railway rate on cattle from Calgary to Montreal, for steers?—A. I have not got the rate from Calgary, but from Winnipeg to Montreal it is 85 cents. It used to be sixty and a half cents.

Q. That is an increase of forty and a half per cent?—A. Yes.

By Mr. Duff:

Q. How much do you say it weighs? 1,100 pounds?—A. Yes.

By Mr. Halbert:

Q. Would not the same condition apply to Ontario as to the western country? You say it means the salvation of western Canada?—A. No. Eastern Canada is not subject to the heavy haul, the longer freight rate. You are closer to the market in Ontario than in the Canadian West.

By Mr. Symington, K.C.:

Q. That is on the side of cattle?—A. Yes.

By Mr. Halbert:

Q. There is another condition in Ontario, which you do not have in the West. The Ontario farmer is forced to keep his cattle for more than one reason. If he does not feed his cattle he cannot grow grain. In Ontario the people have to feed their cattle on the land and to put it back in the shape of fertilizer, put it back in the crop?—A. The Eastern farmer is coming—they should have smaller farms; he has to have them more fertile; he has to fertilize his farm, such as the ranch on my own farm. It was polluted with weeds, sow thistles and we went out and cleaned it off. We have to come back to the same condition that you are in in Ontario, clean the land, not very large farms, and make them more fertile.

By Mr. Johnston:

Q. There are some people in Canada who think we should ship our beef over there dead, in a chilled condition. Do you know that there is a large quantity of meat going into the Old Country market from the Argentine? Why could we not do that?—A. Dead beef?

Q. Chilled beef?—A. I want to say in respect to that, that I want to take exception to that remark. For three years I have not only fought the removal of the cattle embargo, and the man that makes the statement—

Q. I am not suggesting it. I am just asking you the question?—A. Yes. There are men who made the statement, and the statement was in our papers that there was a gentleman in the East who made the statement that Canada should go into the dead beef business. I state that the man who suggests that is playing into the hands of those in Britain that are looking for us to get into the dead beef business, because they cannot stand the competition of the Canadian steer. There are gentlemen who say that Canada should ship dead beef and Professor Wallace, of Edinburgh, said the same thing. These men, who cannot stand the competition of the Canadian bullock in England say "get into the dead beef business" and I am surprised that the gentlemen who should know better, say that we should ship dead beef. The Canadian Government tried it and they lost $50 a head. I tried it out of Boston; I will not try it the second time. I may say again, to stop the dead beef talk, that the Harris Abattoir Company tried it, and Mr. McLean, in his statement before the meeting in Brandon said that he lost $28,000. I know that to be a fact; and Mr. Fox, who is head of the biggest packing plant in Canada, says that Canada cannot ship dead beef. That is one of the statements that they like to see go broadcast over this country, because they use it against you in the Old Country and they quote men in authority, who state that Canada should go into dead beef, and they use those articles and cut those clippings out. It is absolutely wrong. Dead beef sold for ten cents a pound in the British market last year. Our live cattle to-day—and I have a cable here that has just come out—are selling for 13½ cents in Glasgow.

By the Chairman:

Q. On the hoof?—A. On the hoof, and ten cents for dressed beef. I hope that will suffice in contradiction of the recommendation for the handling of dead beef, because you are playing into the hands of the enemy, and we have been trying for three years to get the type of cattle we used to ship so plentifully previous to 1922. It is the only thing that will save the country and allow us to get from the land to the markets of the world. As far as dead beef is concerned, to go into competition with South America—and I have just come from the Smithfield market—5½d. a pound is what they are getting and that demonstrates that it is absolutely impossible, and it is the wrong place to suggest that the Government Merchant Marine should handle it; it will be their funeral if they try to do so.

By Mr. Johnston:

Q. How is it that the Argentine is able to ship chilled beef to the Old Country?—A. They have to cross the equator. They tried live cattle. It is impossible, in the extreme heat, to ship them. We occupy a unique position out of Montreal by the well ventilated boats, and I saw cattle landed in England off the different vessels, in Manchester and in Scotland, just as good as when they would leave home. In fact my cattle were there in Glasgow and looked just as good to me as when I saw them on the ranch.

By Sr Henry Drayton:

Q. What is the prevailing rate for our live cattle?—A. 13½ cents a pound.

Q. How long has that been running?—A. That has ran up just lately to these extreme figures. When I was in England it was ten cents and ten and a quarter cents.

Q. Have you got the run of the market there?—A. No. I have only the cable that came here.

Q. What does this cable say?—A. "Last week's price: choice heavy, 11½ to 12¼ cents; lighter, 12 to 13 cents." The lighter animal is what I am advocating to get the better prices for the man who is producing on the western prairies.

Q. What would that lighter beast weigh?—A. Probably 1,150. We are compelled to ship the heavy cattle, 1,400 or 1,300, nothing under 1,200, to meet the heavy charges, and that is not the animal they are asking for.

Q. What is the right weight for the English market?—A. 1,050 to 1,150, well finished, not thick fatted, but in good order, and he comes back to the land after he has thirty or sixty days' feed of these Scotch turnips—he comes back and sells at the highest price in Britain. He becomes a Scotch-fed bullock and he comes back on the British market as a Scotch-fed one and he commands a higher price.

By the Chairman:

Q. Scotch being a synonym for superiority, I suppose?

By Sir Henry Drayton:

Q. Would that beast have to be conditioned for two months?—A. No, he gets it on arrival. They advise what is going on in Glasgow. This cable is signed "cattlepen" but it is from Watson and Batchelor.

By Mr. Johnston:

Q. What price would that bring, after the 30 or 60 days on the feed lot?—A. He would get the biggest price, but he gets the manure for his land. I cannot tell what he would get. There may be a shortage over there.

By the Chairman:

Q. He will get the increase of the extra weight the animal puts on?—A. Yes.

By Mr. Duff:

Q. Can you tell us the average price you got last year for these cattle, averaging 1,100 pounds?—A. Where do you mean.

Q. In the Old Country?—A. In the Old Country I only tried one or two shipments and I lost money and I dropped it.

Q. What did you get for them, the 1,100-pound cattle?—A. I only tried one or two shipments and I dropped it because I lost money on both shipments; I lost my money each year.

By the Chairman:

Q. You cannot remember what the cattle brought?—A. I cannot remember but we lost about $10 a head.

By Mr. Duff:

Q. You say when you were getting 13½ cents you were losing money?—A. No.

Q. What would be the average price?—A. 10¼ to 10½ cents.

Q. At 10½ an 1,100-pound steer would bring $116.50 and the rail and water rate would be $30. That would leave $86.50 net.

Mr. SYMINGTON, K.C.: There are other charges. Before the Imperial Shipping Commission, for instance, taking a 1,200-pound steer the inland freight was $10.20; the ocean freight was $20; feed, inland and ocean, $8.

Mr. DUFF: What do you mean by that, feed, inland and ocean?

Mr. SYMINGTON, K.C.: The feed for the cattle on the way, feeding the cattle as it crosses.

Mr. DUFF: I thought the $20 included going across?

Mr. SYMINGTON, K.C.: No. The total of $40 was the figure given by the Shipping Commission.

By Hon. Mr. Sinclair:

Q. You left the impression that if the cattle rate was $15 this would greatly increase our exports to Great Britain, is that correct?—A. Yes.

Q. By reason of being able to import a smaller steer?—A. Yes.

Q. If the rate was $15, what would your opinion be of the increase in export? Would it double our export?—A. Yes. It will encourage the men to get into the cattle business out West and we can go more strongly into the cattle business.

Q. I understood you to say they were being diverted, at the present time, the small steers were being diverted to the United States?—A. Well, the lighter steer is going to St. Paul.

Q. If the rate was lower he could send them to the Old Country?—A. It would permit him to go there if there was a lower rate, yes. I might say that one bunch of steers weighing 1,200 pounds, brought £30 12s. out of the boat *Concordia*, out of St. John. They were well bred, not too heavy weight, but a nice quality of cattle, and I had that cable with me and I pinned it to this there.

By Mr. Black (Halifax):

Q. That is a good price?—A. Yes, a wonderful price.

Q. They could afford to pay the $20 rate on that?—A. On that particular shipment, yes, you could.

Q. Would you make a difference between the 1,000 pound steer and the heavier animal, say from 1,600 pounds up. Would you make a difference in the freight rate?—A. Well, I do not see how you could discriminate in that way. If you took that cattle you would have to take them out separately and weigh them to get at them.

Mr. SYMINGTON, K.C.: I do not think they can hear the witness.

The CHAIRMAN: Please speak up, sir, because this is a very hard room to hear in. Mr. Symington did not hear your answer to the last question. As I understood your answer, it was that you did not think it would be practicable to have two different rates for steers, a lower rate for the lighter one and a higher rate for the heavier one. Was I right in gathering that from your answer?

The WITNESS: Yes. Without crowding five in four spaces. When you do that, the cattle do not land in as good condition. Crowding five in four spaces is not advocated by me. I have never tried it except on the Canadian Government steamship *Victor*, I was compelled to load 270 cattle into 233 spaces and pay $25 a head. I put 247 into the 233 spaces, which made an average cost of $27.33 apiece, to Dundee.

By Mr. Symington, K.C.:

Q. They did not arrive in good shape, Colonel, is that it?—A. No, they did not arrive in good shape. They lost me a lot of money.

By Mr. Johnston:

Q. What is the space provided for each animal?—A. The regulated space is 2 feet 6 inches I think now. It used to be 2 feet 8 inches. But the crowding of five cattle into four spaces is injurious to the cattle, and the cattle do not land in Britain looking their best or as they should land. Personally I will not ship any more five in four spaces.

By Mr. Black (Halifax):

Q. I thought that was governed by the Agricultural Department regulations.—A. Well, it is permitted. If you want to ship five in four spaces, you can do it, if they are under ten hundred pounds, and get ten per cent off the freight charges, but it is poor economy.

Q. They are all inspected on board ship are they not, and their pens inspected?—A. At the seaport, yes.

Q. And the inspector passes them with five in four spaces?—A. Yes.

By Mr. Symington, K.C.:

Q. Do I understand they have to be under ten hundred pounds?—A. Ten hundred and under.

The CHAIRMAN: Mr. Shaw?

By Mr. Shaw:

Q. Colonel, you have had a great deal of experience in shipping cattle, over a great many years?—A. Yes.

Q. Do you ship from Winnipeg?—A. Yes, largely.

Q. What is the percentage of shrinkage in weight of cattle from Winnipeg to Montreal, on the weight from Winnipeg to Montreal?—A. It is about one hundred pounds.

Q. What per cent would that be, about ten per cent?—A. No, not quite ten per cent. About eight or seven per cent. On an 1,100 pound bullock, about seven per cent. About eight per cent at the outside. But if he remains in the yard a short time, he comes back to his normal weight after we feed and water.

Q. What is the percentage on weight from Montreal to your delivery point? —A. There is very little shrinkage there if it is not a ranch bullock; if it is a wild, snorting—that is a western term—but if it is a wild western bullock and fretful, he will shrink more than a Manitoba or Saskatchewan, a domesticated bullock.

By the Chairman:

Q. The Alberta ones will shrink?—A. Well, yes.

Mr. DUFF: That is our experience with them.

The WITNESS: Well, if he is wild, and not domesticated he will shrink. I might, for your information, tell you why, or where, he shrinks. He shrinks in the kidneys; in the kidneys first. If you see the rails of beef hanging in Birkenhead you will see all the kidneys have gone. He does not shrink on the back at all. His back of beef is there and in good order. First, when he is wild and timid, he lives on the fat of the inside, while in transit. If he is domesticated he holds that fat and he kills with the same fat inside of him, and therefore he does not shrink as much as the wild one. The Ontario cattle, you cannot tell the difference, but a wild western ranch bullock frets and lives on the insides and will not drink water.

By Mr. Shaw:

Q. Now, colonel, will you tell me what is the exact meaning of charges, and what are they on the shipment of a steer from Winnipeg through to Glasgow? Have you got those details?—A. The charges in detail?

Q. Yes, in transit from Winnipeg. —A. I have not brought that from Winnipeg with me, but I could almost tell you offhand. First is the rail, 85 cents a hundred.

Mr. SYMINGTON, K.C.: $10.20.

The WITNESS: The next is, feed in transit, $1 a head, if you will put that down.

By Mr. Shaw:

Q. You are speaking of feed in transit?—A. Feed in transit about $1 a head.

Q. What are your charges at Montreal?—A. Well, $45 a ton for hay in the stockyard. It is according to how long you are held with them waiting for the boat. You may land in and go out that day.

Q. Are there any charges outside of the charges for feed?—A. Yes, there is loading and unloading. There is insurance, on the boat. There is ropes and pails. And there is the hay and meal.

Q. I notice "sundry ocean charges." Would that include items such as you have mentioned?—A. Yes, such as I have mentioned. The ropes and pails. And men.

Q. Tell me just what is the exact charge payable on a steer shipped from Winnipeg to Glasgow, the total charges?—A. It varies from $45 to $46 per head.

Q. Now when you land the steer does the importer have to pay any further charges?—A. When I land the steer?

Q. Yes, when you get the steer off the boat?—A. They have got to pay lairage.

Q. What is that?—A. Lairage. Where they arrive, a place called Marlatt's, where the steer walks in and they make a lairage charge.

By the Chairman:

Q. A sort of stockyards near the docks where the animals are kept?—A. Yes.

By Mr. Shaw:

Q. Do you have Customs dues?—A. There is freight. There is port dues. There is landing charges. There is charges on the bill of lading, 7/-. There is lairage £16.10/-. There is keep. There is herds. There is bankers' charges.

Q. What are herds?—A. That is the men cleaning and caring for them. They call them "herds." Bankers' guarantee. Cable, sending us out the result of the sale. Then there is the commission. The commission used to be 5/- a head. In some cases we paid less. To-day we are paying 10/-.

Q. It is not based on the sale price?—A. No, not on percentage. It is just per head. It doesn't matter whether he is ten hundred or twelve or anything else.

Q. Taking all these charges into consideration can you tell what it costs a man to lay steer down from Winnipeg in Glasgow?—A. It depends on how long I have to keep him in the lairage. It may be 45 to 46 dollars and it varies with the amount of feed I have to put against him. I may tell you for your information that on my trip to England a bill came out to me selling an Irishman's cattle for 3/-. There is a man in Ireland by the name of Mullins, who is a partner in a ranch out west. His bill came back from an Irish shipment to Britain, and he was charged 3/- per head, beef cattle. The cheque and bill came back in a mistake. My bills coming back were 10/-. So we were paying 10/- for selling Canadian cattle. I took that question up while I was over there and I don't know what the result of that will be.

By the Chairman:

Q. They were charging to sell Canadian cattle 10/- a head and only 3/- a head to sell Irish cattle?—A. Yes, according to that bill that came home to me to Winnipeg.

By Mr. Shaw:

Q. The reason I am asking you these questions, colonel, is this. I have before me a statement made in November of 1921.—A. I cannot hear you.

The CHAIRMAN: Gentlemen, I must ask that order be preserved. It is impossible for the Committee to do its work if half a dozen private conversations at the same time are carried on. Mr. Shaw, I will ask you to speak a little louder, so that the witness can hear, and state your question again.

By Mr. Shaw:

Q. I have before me a statement dated 16th December, 1921 of 53 head of cattle landed from the steamship *Caledonian* at Birkenhead. They apparently were sold on commission. The total sale price of the cattle including the hides and everything else was £1,860 15s. 7d. The amount payable to the exporter was £898 1s. 7d. There are a lot of charges, filling a whole page of items. That is the reason I asked you these questions about charges. In selling on commission, I suppose the exporter takes the balance after the sale is made and pays all the intermediate charges?—A. Well, the agent over there, the commission man, pays the charges.

Q. I notice a charge for slaughtering these 53 head, of £19 7/-. Is that about the charge?—A. Yes.

Q. Such charges as "market charges." What does that mean?—A. Well, that is the market charge. That is for the market where the beef is put on.

Q. What is a charge of £2 13/- for sheeting?—A. That is when they put the beef in trucks, they sheet the beef and ship it away to Manchester or Newcastle or any of the different points.

Q. There is a charge of £33 for cutting. Would that be preparing the beef for market.—A. Cutting? That is new to me.

The CHAIRMAN: That is cutting at London.

The WITNESS: Ah, that might be, at London, but not in Liverpool, because they sell the bodies there. They might cut it up and sell it in pieces.

By Mr. Shaw:

Q. You spoke of losing $10 a head on cattle. What did you mean by that?—A. On the light cattle.

Q. What did you mean by losing $10 a head?—A. I got $10 less for them than I paid for them. To be accurate about that, it might have been a trifle less or a trifle more. I put it at around $10. It might have been $9.50.

Q. This gentleman whose cattle are referred to in this list, lost a great deal of money too, over the price he could have got in Montreal, for example. Do you know at the present time whether the price in Montreal would be more favourable than shipping across the ocean?—A. I don't think there are any buyers in Montreal; I don't know of any. Toronto is the only market for export cattle. Or in Ontario. Or down here.

By Mr. Duff:

Q. What do they pay for them in Toronto?—A. Yesterday they were paying $7\frac{1}{2}$ to 8 cents.

By Mr. Shaw:

Q. What are the expenses per head at Glasgow, colonel?—A. About 27 shillings. It varies according to how long they keep them. If the boat misses the market you have a bigger feed bill, a larger feed bill. If she catches the market you have a less cost on the other side.

By Mr. Duff:

Q. Do you consider $7\frac{1}{2}$ cents at Toronto a good price?—A. Yes.

Q. I figured from Mr. Shaw's statement that these cattle he spoke of would average $80 net, which would be about the same as $7\frac{1}{2}$ cents on 1,100 pounds.—A. Were they 1,100 or 1,200, those cattle? A 1,200-pound bullock at $7\frac{1}{2}$ cents would bring $90.

Q. I figured it at 1,100 pounds.

By Mr. Shaw:

Q. I think the average weight was 1,212 pounds.—A. Well those cattle would be worth $7\frac{1}{2}$ to $7\frac{3}{4}$ cents, according to quality.

Mr. DUFF: The cattle you spoke of netted $80 after paying all expenses.

By Mr. Stork:

Q. Colonel Mullins, is there a veterinary accompanying each shipment of cattle on the boat?—A. There is a veterinary accompanies the cattle from Winnipeg to Montreal.

Q. And across the ocean as well?—A. And across the ocean on the steamer.

Q. That is one veterinary to every shipment?—A. Well, I don't know how many vets. there are on the boat. There is a vet. accompanies them from Winnipeg to Montreal. There is a veterinary in charge. I have a shipment passing through to-day and there is a veterinary with those two cars.

Q. Does that cost you anything?—A. No, I don't see any charge for it.

Mr. DUFF: The Dominion of Canada pay for that.

The WITNESS: The Department is paying for it, I suppose.

The CHAIRMAN: Mr. Montgomery, have you any questions, sir?

By Mr. Montgomery, K.C.:

Q. According to the figures you have just given us—

By Mr. Black:

Q. Excuse me one moment. I would like to know, if we can find out, who pays for that vet.; you say a vet. accompanies them on the rail to Montreal?—A. I do not pay for it. I arrange a pass for him with my shipment, but I do not pay him anything.

The CHAIRMAN: I am going to ask the Minister of Agriculture, who is here, to clear up that point. Mr. Motherwell, who pays for the medical practitioner who accompanies the boats on the journey to Montreal and from Montreal overseas?

Hon. Mr. MOTHERWELL: My Department.

The CHAIRMAN: The taxpayers of Canada?

Hon. Mr. MOTHERWELL: It is not charged to the steer.

The CHAIRMAN: Is that one of the conditions which were imposed upon us when the embargo was lifted?

Hon. Mr. MOTHERWELL: Yes. The British Government insists upon what we call having them under observation.

Mr. RINFRET: I understand that the Dominion of Canada will have to keep a supply of vets., in accordance with the increase of the trade. Is that so, Mr. Chairman?

The CHAIRMAN: Mr. Rinfret is inquiring whether, if the trade increases to very large proportions, we would have to maintain this ratio of a vet. practitioner with the shipments of cattle that went forward?

Hon. Mr. MOTHERWELL: If the loads were larger, we would just have to send one man with every boatload. The trouble is that the loads are so small that they only average about 100 to a boat.

The WITNESS: You asked about accompanying cattle from Winnipeg to Montreal. There is no necessity for these vets. being with them if we were here for three days. We put them in quarantine for three days at Montreal. Am I correct in that?

Hon. Mr. MOTHERWELL: We generally send men right with them from Winnipeg down. That seems to be required.

The WITNESS: But if we were here three days?

Hon. Mr. MOTHERWELL: The quarantine provides for three days.

Mr. BLACK: I think what Mr. Rinfret is trying to get at is this: that if there was a shipment of cattle every day, there would be a vet. accompany that shipment daily, so that we would have an army of vets. employed in this particular trade, paid for by the Government.

Hon. Mr. MOTHERWELL: Yes.

Mr. BLACK: Isn't that what you were asking, Colonel?

The WITNESS: That is the situation.

Hon. Mr. MOTHERWELL: That is the condition imposed upon us by the British Government.

The CHAIRMAN: As I understand it, we had to agree with the British Government to incur these expenses.

Hon. Mr. MOTHERWELL: Yes.

The CHAIRMAN: And to take those measures, in order to get the embargo lifted?

Hon. Mr. MOTHERWELL: That is a condition under which the embargo was lifted.

The CHAIRMAN: Well, Mr. Montgomery, you may proceed to another aspect of the situation.

Mr. RINFRET: I was getting information, Mr. Chairman, and I find the shipping companies give free passage, so that both the Government and the shipping companies are giving free service to the exporter. Is that the fact?

The CHAIRMAN: Shall I ask the question, Mr. Rinfret?

Mr. RINFRET: No, I am making that as a statement.

The CHAIRMAN: Mr. Montgomery, the way is clear now.

By Mr. Montgomery, K.C.:

Q. I think you told us that the price in Glasgow was about 13½ cents, according to your latest quotation?—A. For these light cattle.

Q. And they are paying for those in Toronto about 7½ cents, you say?—A. About 7 or 7½ cents.

Q. From 7 to 7½?—A. Yes.

Q. And the price per shipment from Toronto, as far as the exporter is concerned, would not be any greater than it would be from Winnipeg?—A. It is not as great.

Q. I would not think so. You have told us that the cost of sending them over, the total cost, ran between $45 and $46 a head, if I took the figures down correctly?—A. Yes. From what point do you mean, from Toronto or Winnipeg?

Q. I understood you were giving us figures from Winnipeg, although I may be wrong?—A. That is correct.

Q. It would be less than that from Toronto?—A. Less than that from Toronto.

Q. From Toronto we would be safe in saying that there was a margin of 6 cents per pound as between the price which the exporter paid in Toronto and the price obtainable on the other side—taking present prices?—A. In this one particular market. But this market has gone up lately. This market has not been going on. I have not had any market of that kind. This has gone up to-day or the day before.

Q. The Canadian price would have had an advance as the United Kingdom price advanced?—A. In Ontario, in the Toronto market?

Q. Yes?—A. It would if we had boats to get out.

Q. So that your great trouble to-day is a shortage of ocean space?—A. Yes.

Q. Assuming then, taking all these figures—and I am taking the lower ones in every case—taking the 6 cents, you would have on a 1,200-pound bullock a profit of about $72 per bullock?—A. No.

Q. That is, 6 cents as applied to a 1,200-pound bullock?—A. No; there must be something wrong there somewhere.

Q. I was quite incorrect; I meant that the difference in price on a 1,200-pound bullock, at that spread of 6 cents, would be some $72?—A. Yes.

By Mr. Duff:

Q. The ocean charges, the total charges have to be paid?—A. Yes.

By Mr. Montgomery, K.C.:

Q. I think you told us they came to $45 or $46?—A. Yes.

Q. Do you know as a matter of fact what the cost would be from Toronto; you told us it would be somewhat less than from Winnipeg?—A. About $33 to $35.

Q. The cost from Toronto would be about $33 to $35?—A. Yes.

Q. So that on the present markets, taking the present markets, your 1,200-pound bullock, as against the spreads you have given us, apparently you have

$72 to play with as between the difference in price and the cost from Toronto?—A. What the exporter would have to bear would be about $34.

Q. The exporter would have to bear how much?—A. About $34. I might put it this way, that that is one scratch market that might come in, on account of the scarcity. My cables have been about ten or ten and a quarter cents. It is very likely to come down again; it is likely to come back to ten and a quarter; it is due to a shortage of supplies.

Q. When do you expect the Irish cattle to come on the market?—A. They will begin now, the grass cattle.

Q. On account of the disease you have spoken of, which affected the offal, they are hardly likely to come on heavily before August or September?—A. That has nothing to do with the grass cattle. Those offals are in the Irish cattle all the time.

Q. The price then is likely to come back before the year is over to 10½ cents?—A. Yes, just as soon as the stall fed cattle get out of the road; they will get back to 10 or 10¼ likely.

Q. It would be desirable, if we could get our cattle over again?—A. Yes, it would.

Q. Your principal difficulty is not being able to secure sufficient ocean space?—A. Yes, it has been. That is what has been blocking the trade in Winnipeg. There are loaders there who would have been shipping cattle if they could have gotten cattle of good quality freely.

Q. Let us take the difference of $5; you were talking of decreasing the rate from $15 to $10, if I remember correctly; that would amount to how much per animal?—A. About one-half.

Q. Less than half; one thousand to the animal would be exactly half a cent?—A. Yes.

Q. Due to the shortage of space, you were not able to get them all over at the present time.—A. Are you referring to me personally?

Q. You can speak for yourself or for the trade, whichever is most convenient. If you can speak for yourself, do so, or you can speak for the trade?—A. I am speaking for the Western Livestock Association.

Q. You impressed upon us the desirability if possible of getting them over there and taking advantage of the high prices we find at this season of the year?—A. Yes.

Q. Before the domestic grass cattle, that is, the Irish grass cattle, come on the market?—A. Yes. It would be as well to get out of the way of the Irish grass cattle.

Q. If you do not, you are very apt to come in for a drop in price which may run as high as 3 cents per pound?—A. Well, there is a shortage in Ireland, there is a shortage in England; it may not be as big as other years, but it may drop.

Q. The drop would be probably from 2 to 3 cents?—A. I could not give you the exact figure.

Q. Give us your best guess at it.—A. They can drop $20 to $30 a week over there, if they feel like it, if the supplies come heavy.

Q. Per head?—A. Yes.

Q. They can drop $20 to $30 in a week?—A. Yes.

Q. At the present time, if there was no possibility of such a drop as that, you could easily afford to pay $25 or $30?—A. Freight?

Q. Yes.—A. I would not want to take the chance, on these prices. I would rather let some other shipper do that.

Q. Obviously you have a margin to play on, taking your own figures, of $34, as compared with $72; you have over $35 to play with altogether; you could easily afford to pay freight of $30 and still come out right?—A. I could not on anything I have shipped up to now. This is not a sale that I have here; this is a quotation which has just come in.

Q. Let us assume that if you do not get your cattle over before the Irish cattle come on you are apt to run up against a drop in the market of $20 a head—I understand that to be your evidence? Is that correct? I hope I do not misunderstand you; I do not want to have your evidence go in incorrectly. —A. A drop of $20 a head?

Q. Yes?—A. When the Irish cattle start?

Q. Yes?—A. That may not be; cattle may keep on going up. It is ruled by supply and demand, and we cannot tell anything about it. It may go down below that.

Q. At the present time, taking the figures which your Toronto man was paying yesterday, and assuming that your market holds in Great Britain, there would be a very handsome margin to play with?—A. Yes. It was a very fair speculation yesterday, to buy.

Q. About 34?—A. It was all right, to speculate yesterday.

Q. $34 from $72, or I think it would be a little more than that; you have told us a difference of almost $40, which he would have to play with?

Mr. DUFF: No, $20 altogether.

Mr. MONTGOMERY, K.C.: No, $38, Mr. Duff.

Mr. DUFF: Taking the expenses, I think it would be $20.

Mr. MONTGOMERY, K.C.: He has told us that the expenses in Toronto would be only $34.

Mr. DUFF: It would be about $32.

The WITNESS: I may be wrong. I have not shipped any cattle from Toronto for some years. I may be wrong on the Toronto figures. I come from Winnipeg, and I can tell you the figures from Winnipeg correctly; from $45 to $46. I do not want to be quoted in Toronto, because I do not know the cost out of Toronto.

By Mr. Halbert:

Q. Had there been space to take the cattle for this market, would you have paid this price?—A. Well, this market is apt to be uncertain; maybe they would have brought a little more money.

By Mr. Duff:

Q. Colonel, what did you pay for cattle per pound, in Winnipeg?—A. I paid 9 cents. Well, I don't know. There was one animal at 8 cents, and $7\frac{3}{4}$. I paid $7\frac{3}{4}$ for some, 8 cents for some, and I paid 9 cents for one nice little animal.

Q. That is much more than they sold in Toronto yesterday?—A. Yes. Cattle are dearer in Winnipeg than Toronto. I am quoting Winnipeg as against Toronto.

By Mr. Kennedy (Glengarry):

Q. To get a reasonably comparable basis, what is the usual spread as between Winnipeg and Glasgow, for instance; what is the usual spread?—A. That is hard to do; it fluctuates. I have made $20 a head on cattle and I have lost $20 a head on cattle. One week I would make money and the next week I would lose it. You cannot tell anything about that market over there; it is ruled by supply and demand; it is not a steady market.

Q. We have been comparing a 1,200-pound steer which would cost seven cents to seven and a half cents in Toronto, with a price of twelve and a half cents to thirteen cents in the United Kingdom. That is quite unusual, is it not?—A. That is an unusual figure. That cable is an unusual cable.

Q. What I was trying to get at, it is not a really comparable basis, then?—A. No, it is not one you could figure on all the time, I would not think. It may stay there or it may go on up.

By Mr. Symington, K.C.:

Q. If it goes up, will the Toronto price go up? What Mr. Kennedy wants is, what is the reasonable variation between Canadian and Glasgow prices?—A. The Toronto price would go up if there was easy access. If you cannot move cattle anywhere, the price will not go up. If you cannot find an outlet for these cattle you cannot sell them.

By Mr. Kennedy (Glengarry):

Q. Provided you get an outlet readily, what happens to the price on the other side?—A. You cannot block that outlet on the other side; they are so depleted in cattle over there that that is what is making these high prices, because of the shortage.

Q. You would not care to state what the usual spread is between Winnipeg and Glasgow?—A. I could not very well, because it varies each week. That is extremely high, and it may go back to ten cents or ten and a quarter cents.

By Mr. Montgomery, K.C.:

Q. Variations of three cents are not unusual or unlooked for?—A. It is unusual to have them run up to these figures.

Q. But on the other hand, in your opinion, they may run higher still?—A. They might, if the supply runs short.

Q. And it is apt to drop back two or three cents?—A. It may drop back.

Q. You get variations ranging from two to three cents and possibly, I think you told us, it is often much more extreme than that.—A. The cattle export trade is purely speculative. There are more risks, my friends in the shipping business know, in the cattle export trade than in any other business. There are no millionaires in it. There are men who have been working hard for the farmers. Colonel Gear and my friend over there know very well they are strewn all over the place. It is speculative.

By Mr. Duff:

Q. It is not even speculative, if you pay eight cents for a steer in Winnipeg, and only get ten and a half in Glasgow. It is worse than speculative.—A. If you get a bad passage with the boat knocking the cattle all to pieces, you would not be apt to sell. I can give you an instance of a bunch of cattle sold in Winnipeg. This was given to me by a gentleman out there. There are some extremely good cattle fed by the live stock producers and bought by them from the University, which are on the market there now bringing extremely high prices, but I do not think they should be quoted as the general market.

Q. You did not get my point. I say if you pay eight cents in Winnipeg and only get ten and a half in Glasgow, nobody has a right to be in a business of that kind. That only comes to $30.—A. Yes, but you would buy cheaper if the market dropped to that, but the market is not in that condition to-day.

Q. I thought you told me a few minutes ago you paid eight cents a pound and got ten and a half.—A. No.

Q. What did you pay when you got ten cents?—A. Six and a half, I think.

Q. Well, say seven; that is three and a half cents, or $42 of a margin. Even that is not good enough.

Mr. SYMINGTON, K.C.: It costs $4 to get them there.

Mr. DUFF: Even if you get $4 off the freight rate it would not help very much.

The WITNESS: I bought some heavy cattle to meet that. I bought some oxen weighing 1,800, and some bulls weighing 2,000, and I put some heavy cattle on to meet the freight charges. But a boat may

have a bad passage and knock the cattle around. With all due respect to the steamers, they have been carrying them fairly well lately but here is a bunch of cattle which weighed in Winnipeg 47,930, and in Glasgow 43,025 alive, and they dressed only 46 per cent. These cattle were probably damaged and knocked around. They were beautiful steers, coming from near Edmonton, up in that Alberta country. They may have been knocked around going across, and possibly they had to be trimmed. Mr. Irvine showed me the dressing sheet of these cattle, and I said, "You must be wrong." "Well," he said, "I am not wrong; there is the weight in Winnipeg and there is the dressing, 46·7 per cent." They should have dressed nearly 60 pounds to the hundred, nearly 60 per cent, so it might be that they had to trim the bruises and trim these cattle down. We lose money that way; there is quite a risk in the export trade.

By Hon. Mr. Sinclair:

Q. They must have been finished here?—A. They were good finished cattle, thick fat cattle, heavy cattle weighing 1,900 pounds. They would go in for beef in the Old Country.

By Mr. Symington, K.C.:

Q. Do any ever die on the boats, Colonel?—A. No, I have had very few losses on boats; the boats give us very good service, and I have only lost two or three cattle at sea. I have never had much trouble that way. Years ago we used to have a lot of that; we used to have them lying around Belle Isle and all those places, but not lately.

By Mr. Montgomery, K.C.:

Q. So you are not kicking about the service they are giving you?—A. Absolutely no; the service is perfect.

Q. But what you want is more space?—A. We want to get the farmer back into live stock on the western prairies, so he can get from the farm to the markets of the world easier.

Q. In the first place, you want more cattle space?—A. I do for the man out west, not for myself. I am practically retired, I am only in the business to find out how the trade is doing.

Q. We will take it that you are speaking in a representative capacity, and what you need is more ocean space, more boats fitted for cattle, and so on.—A. That is what they need, in western Canada.

Q. And a $5 difference, whether it was up or down, would amount to less than half a cent a pound upon cattle?—A. Yes, about half a cent.

Q. And your ranges in price over there, which occur sometimes, you said, from week to week, are as high as two or three cents?—A. Yes, the figures vary. They have been fluctuating so rapidly, like the wheat market, that I cannot tell anything about them. I met a man in the Toronto yards who had lost $10 a head lately.

Q. As a matter of fact, you told us the Irish farmers are finding it very difficult to meet Canadian competition?—A. The Irish cattle are not selling as compared with the Canadian cattle. The Canadian cattle are selling much better than the Irish cattle are selling.

Q. So there is a probability of the Canadian price advancing even higher, the price for Canadian cattle?—A. It might do so, but it is up pretty high now.

Q. How does the ruling price to-day compare with last year's price?—A. It is quite a lot higher. I just forget last year's price. It was nine and a half cents to ten cents, though, I think.

Q. And the export trade was flourishing last year, was it not, much more than in 1923?—A. In 1924?

Q. Yes.—A. Yes, it was better than 1923. It was bad in 1923.

Q. On the whole, 1924 is said to have been a pretty satisfactory season in the cattle export trade?—A. Yes. We had some losses. All these shipments did not make money.

Q. You have told us that, on account of the rapid fluctuations in price, it possesses certain elements of speculation?—A. Yes.

Mr. SYMINGTON, K.C.: That is this year?

By Mr. Montgomery, K.C.:

Q. You did not intend to confine your answer to this year?—A. No.

Q. And last year the freight rate was the same, $20?—A. Yes.

The CHAIRMAN: Now, Mr. Montgomery, it is six o'clock. Can you get through with this witness in a few minutes?

Mr. MONTGOMERY, K.C.: I have a few more questions myself, and I do not know what else is in reserve.

The CHAIRMAN: Mr. Stevens suggests that we should rise, and we will resume at 8.30 this evening.

Witness retired.

The committee adjourned.

The Committee resumed at 8.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: We have our quorum and the Committee will please come to order. Is Mr. Mullins in the room? If so, will he please resume his seat in the witness box? Mr. Johnston has one or two questions he wants to ask Mr. Mullins.

HENRY ALFRED MULLINS, recalled.

By Mr. Johnston:

Q. The Ontario Government in a report they made some few weeks or months ago had something to say about this matter of ocean rates, and I believe it was stated in that report that a man by the name of Schomberg—or Schromberg—of New York City practically controlled the space on ocean boats for cattle shipments to the Old Country. Do you know anything about that?—A. Yes. Schomberg has as much right to take space as I have. He is a wealthy man and he contracts the space. It is usually to Liverpool. I do not think he touches the Glasgow boats. I have not seen him on any of the Glasgow or Manchester boats. I think it is largely to Liverpool, but he has as much right to take space as I have.

By Mr. McKay:

Q. Does he corner the space?—A. Well, he might take all the White Star boats; he may take them; I think he has them.

Q. The charge was made in the report of the Committee appointed by the Ontario Government in their finding, and it was stated that he "corners the space." The report was published by the Ontario Government very recently. —A. He is operating in Ontario and I am operating in Western Canada, and I cannot speak for Ontario. All we ask in Western Canada is that we be given a fair chance to develop the cattle industry, to give us a chance to get to the markets of the world with live stock. We have not now boats sufficient to carry the number of cattle that will be produced on the prairies, once the ring

swing gets in. The farmers on the Portage Plains are going back into live stock, and when it so happens that we get back to the old times we used to have on the prairies, there will not be sufficient boats to carry the cattle.

Q. Is that shortage a seasonal shortage?—A. For the season?

Q. Is it a seasonal shortage? That is, is there a surplus at one particular time of the year?—A. No, not particularly for any time of the year. Our cattle comes along—

Q. At all times of the year?—A. At all times of the year. We will be ready, as soon as we get the farmers educated in Western Canada to feed during the winter months. They have been negligent for a number of years in not feeding during the winter, but they are coming back and beginning to realize that mixed farming is essential on the western prairies. The large ranch on the Prairies is a thing of the past; they are broken up; they are going into feed-lots.

For your information, Mr. Chairman, let me state that there is no country in the world can do what Western Canada is doing.

Some Hon. MEMBERS: Hear, hear.

The WITNESS: That is a broad statement, but I have fed cattle outdoors in the West within 30 miles of Winnipeg and produced steers that cannot be produced any other place. The farmers on the western plains are beginning to realize what they can do with a building, perhaps as large as this room with a rough straw roof, and it matters not whether it is 40 or 50 degrees below zero, these cattle can gain in weight. I wanted to test out one steer, and it weighed 1,030 pounds going in, and 1,430 pounds coming out. It was fed out-of-doors; was never in a stable. The western prairies can burst over with prosperity if you give us a chance to get off the prairies to the markets of the world.

By Mr. Duff:

Q. If that is the case, do you think it would be good business, in order to move the cattle and other products of this great western country, for Parliament to subsidize ships and put them on the routes?—A. Well, I do not know anything about your contract; I have not seen it—

Q. Never mind the contract. As a business man, do you think it would be good business for this Parliament—if, as you say, there are not enough ships to carry the cattle and I presume that applies to other products—to subsidize these ships if we could get them in no other way?—A. Yes, I would. I will answer that by saying to you (Mr. Duff) that anything that will promote and help the cattle industry on the western plains will help all other industries. It may be a little expensive to do that, but to give us back our chance to fertilize that land that is now slipping and going back—I would say "Yes."

The CHAIRMAN: Any further questions, Mr. Montgomery?

By Mr. Montgomery, K.C.:

Q. I think the point of your reply to Mr. Duff was that you need space to ship cattle, if you can get it?—A. We want more space, yes.

Q. You would not be in favour of a policy that would tend to drive any of the existing lines off the routes, and discourage them from equipping their boats for cattle?—A. I would not.

Q. You have no complaint of the service rendered by the existing lines?—A. Absolutely not; the service is perfect on both the Donaldson and the Manchester boats.

Q. Following up the last question, let us suppose that a subsidized line was put on, and a subsidy was given to one line, which would cut the cattle rate in half, so that the other boats could not make money carrying cattle.

Would you approve of that?—A. I do not know whether they are making money or not. They have been losing money as long as I have known them. I am not arguing that question; I am simply looking at it from the Western Canadian standpoint.

Q. I am asking you to assume what the result would be of making the cattle trade unattractive to the existing unsubsidized lines? would you approve of anything of that kind?—A. I do not think they are losing money at $20.

Q. I am asking you to assume that a rate was put in force which would be uneconomical and unattractive. You would not approve of that, would you? —A. No; I would not approve of anything that would drive the present lines out. I have no fault to find with the present lines.

Q. What you apparently would like to see, Colonel, is a lower rate for your 1,100-pound bullock, eh?—A. Yes.

Q. You have no particular kick about the rate as applied to the fat bullock?—A. No, not as long as these present cables come on, the way they are, but they are liable to change any day.

Q. Well now, if a concession were made as regards the 1,100-pound bullock, would you approve of a graded rate dependent upon the weight?—A. It is pretty hard to grade them. You cannot very well do that.

Q. You either have to have one or the other, have you not, Colonel? You either have to have a graded weighted rate dependent upon the weight, or a flat rate over all?—A. I do not think a shipping company could de that, unless they put five in four spaces, and I am not favourable to the five in four spaces.

Q. Perhaps you misunderstand me, but what I am trying to get at is that you either have to have a flat rate that applies to all, regardless of weight, or else you have to have a graded weight, which would really be a weighted rate, a rate based upon weight, would you not?—A. Yes. It might be all right for heavy export cattle to maintain the present rate, but for the type of steers that are asked for in the British market, it is impossible to ship them.

Q. Let us assume for the sake of argument—and we do not ask you to pass upon the steamers' profits or losses—but let us assume for the sake of argument that the present rate is not a profitable rate—we will even say "not an unduly profitable rate," if you like, for the sake of argument would you grade down the rates for lighter cattle? Would you, if you did, then approve of grading it up for the heavier ones?—A. No, I do not think the trade will stand any heavier rate than $20.

Q. Colonel, just look at it; I think you want to be fair in this thing; your evidence has impressed me that way; the cattle men made a fairly good thing out of it last year, did they not? They did not lose money? Had a pretty good year?—A. Well, I suppose they did.

Q. In 1924?—A. In 1924? I do not think they came out losers; I think they made some money. I do not think they made anything very heavy. I did not make any particularly big gains; I made some money.

Q. At that time the ruling prices in the United Kingdom markets were very much lower than they are to-day—as you told us this afternoon?—A. I do not think you can quote that cable of to-day. I think it is abnormally high. I think it is out of proportion. It is due to the light run of cattle going over there. They are not getting the numbers, and they are held back by shortage of supplies, and the prices run abnormally high.

Q. I take it from the general effect of your evidence, Colonel, that it is really vital that nothing shall be done that will tend to lessen the existing space?

The CHAIRMAN: May I break in a moment, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: Surely.

The CHAIRMAN: Is this not all argument, and really a rather lengthy way of getting your argument before this Committee, by getting it from the wit-

ness? Would it not be easier to call a witness, get the facts from him, and then argue from them? I make this suggestion merely to expedite the workings of the Committee.

Mr. MONTGOMERY, K.C.: The only thing is, I think Colonel Mullins knows a great deal about this cattle shipping business, probably more than most of the people in the room, or even than the shipping men. He has been in it years and years, and I think he wants to be fair, and I would pay considerable attention to what Colonel Mullins said about this thing, if I could get his views on this question. I do not know of anyone who is more competent to speak on it. I would like to get his considered views on the question—call it argument if you like—and I think he would be glad to assist us, would you not, Colonel?

The WITNESS: Absolutely.

By Mr. Montgomery, K.C.:

Q. Are we in agreement, that, first and foremost, taking conditions as they are to-day, it is of primary importance that nothing should be done to discourage present cattle carriers or to decrease the existing space?—A. Well, I would not like to see less space, no. I would like to see more space.

Q. In fact, it is just the contrary? At least it would give sufficient measurement, whether by subsidy or by rates, to get more space?—A. More general space.

Q. In fact, I think you will agree with me frankly, that as prices stand to-day, and I am taking conditions as you have given them, the trade would stand a higher rate even than $20 if it could get the cattle over on this market?—A. No, it would not.

Q. On the figures which you gave us this afternoon you had quite a margin to play with?—A. Yes, you had a margin to play with, but that market, as I told you, is speculative and subject to change in twenty-four hours. If a heavy supply of South American chilled beef arrives there from the Argentine and knocks this market, it will go down $20. It can change quickly.

Q. You and I are thinking partially along the same lines. You told us that even a five dollar change in the rate would amount to a little less than a half a cent a pound. We are agreed on that?—A. Yes.

Q. And that you might easily be missing the favourable markets existing and run up even against a difference of two or three cents a pound over there?—A. Yes, you might.

Q. As a matter of fact, the movement under existing conditions, is, to some extent, seasonal; that is, you get quite a heavy movement from Canada?—A. Yes, there is quite a heavy movement of stall-fed cattle.

Q. In July and August, you would not, under ordinary conditions, get as heavy a movement certainly of store cattle?—A. No, not in July and August.

Q. They would hold them over until August and ship them over as fat cattle?—A. No, there are a number of stores come in in September and October; in the fall of the year.

Q. Coming back to this question of differentiating between the two weights of cattle, I would just like to get something cleared up. You spoke of putting five into a space for four?—A. Yes.

Q. That is the manner of getting a $18 rate instead of a $20 rate?—A. Yes, ten per cent off.

Q. I think the Committee may have been left under the impression that the space in which the five cattle would travel would be exactly the same space for four. That is not quite exact?—A. Yes, five in four spaces.

Q. I want to be perfectly frank with you. These are not instructions that I have on that question?—A. I have always understood it five in four spaces.

Q. The instructions that I have are that the Government regulations call for a ten-foot space for four fat cattle. That is right, is it not?—A. Four; two feet, six inches.

Q. When five stockers are shipped the space must be increased to ten feet, eight inches?—A. I did not know that.

Q. And the five stockers are not allowed to be shipped in the space for four cattle. Eight inches more are allowed?—A. The fittings are usually put with two planks that hold four cattle. I have never seen them measured. I do not know what the inspector does in Montreal, but the chances are that some of the inspectors are here, and there are two planks with four cattle between and the four holds and the headboard are there. It looks like two feet, six inches.

Q. Can I ask you to see the thing from the other fellow's point of view, for a moment? Assuming the spaces were the same and that those four cattle went into the space for four cattle, whether big or small, the cubic measurement occupied would be exactly the same, from the shipowners point of view, would it not?—A. Yes.

Q. As you know, no doubt, the shipment of cattle is more or less on a cubic foot measurement basis?—A. Yes, it is on a measurement basis; two feet, six inches.

Q. The amount which it would cost the cattle carrier would be largely based on the height of the 'tween decks, the height between decks?—A. Yes.

Q. So it costs as much to carry a bullock, weighing 1,100 pounds as it does to carry one weighing 1,200 pounds?—A. Yes, I suppose so; he takes the same space.

Q. Take it from the point of view of the shipper, I want to find out whether he can average up, so as to meet that flat rate. He can carry fat cattle as well as stockers, can he not? Instead of carrying, I should say "ship"?—A. I do not know how you could do that. Some of my cattle weigh 1,800 pounds and some weight 1,200 pounds. I do not see how you are going to grade that?

Q. You do not see how we are going to grade it?—A. Yes.

Q. It means a flat rate over all, so much a head?—A. Yes, except in store cattle.

Q. You might have in that run of cattle, cattle running all the way from 1,100 to 1,800 pounds?—A. Yes, probably 2,000 pounds. Some bulls I shipped last year weighed over 2,000.

Q. You have no particular kick coming as things stand now at the $20 rate, for a 1,200 pound bullock?—A. $20 is a stiff rate on a 1,200 pound bullock, under normal conditions. That is the rate on a 1,400 pound bullock, under present conditions, but you have no guarantee how long this price is going to hold.

Q. Under present conditions it would be all right on the $20 rate?—A. Probably to-day's cables are abnormal. It is a thing I have never known to happen, that it was as high as that.

Q. I think you have made that perfectly clear. Have you ever thought of this, Colonel, that most of these ships are owned in England; they are British owned?—A. Yes. The Donaldson's, in Glasgow.

Q. I think you mentioned the Manchester Lines?—A. The Manchester Line, yes. They are Manchester owned boats.

Q. And the Cunard Lines; I think their names have been mentioned. Their offices are over there too?—A. The White Star?

Q. I beg pardon. The White Star? The freight is paid in dollars, is it not, by the Canadian shipper?—A. Yes, at the rate of $20.

Q. Have you ever had occasion to think of what the difference is between last year's and this year's condition as regards exchange, in the net rate which the British shipowner gets over there?—A. No, I did not think of that.

Q. I think it would be a fact, would it not, that his yield over there, from the rates that he is getting on his cattle, would be less than it was last year?—A. The rate he is getting on the exchange would be less?

Q. The money has to be converted. You pay in Canadian dollars over here?—A. We pay dollars here. We used to pay it in shillings in England.

Q. As things are to-day, you pay in dollars here?—A. Yes.

Q. That money has to be turned into Sterling over on the other side? —A. The money?

Q. Yes.—A. It is returned—it is payable in England by the salesman. The salesman pays the freight and lifts the papers; he lifts my draft.

Q. On the basis of a $20 Canadian rate, whether it is paid over there or not, it is on the basis of $20 Canadian money?—A. I cannot see how the rate of exchange will affect the freight.

Q. I would like you to realize that, because you are a sort of missionary among the cattle people.

The CHAIRMAN: You are not going to try and get him to teach false economic doctrines, are you?

Mr. MONTGOMERY, K.C.: There is no false economic doctrine about that; there is nothing false about that.

The CHAIRMAN: They may get fewer shillings out of our $20, that is true, but if they have to buy exchange, as Great Britain has to buy raw materials all over the world, the fact that its shillings are worth more, will they not be converted into a greater amount of money in foreign countries?

Mr. MONTGOMERY, K.C.: I think not. I will be quite content when we satisfy Colonel Mullins that the shipowners are getting fewer shillings.

The WITNESS: He may be getting fewer shillings but we started with the rate of exchange at $4.33. It went on up until it got to be $4.85. I think we are getting $4.84 or $4.85 at the present time, when we sell our bulls. It has gone in favour of the shipper, yes, the exchange.

By Mr. Montgomery, K.C.:

Q. As regards the shipowner, he gets the proceeds of $20 in sterling over there?—A. Yes.

Q. He got it last year and he gets it this year?—A. Yes.

Q. And he gets a fewer number of shillings this year than he did last year? —A. Yes, he may get a little less but it is only a small matter. It is not a very big one.

Q. Well now, is it, because as a matter of fact the difference, they tell me, amounts to over $2 a head?—A. $2 a head on the freight?

Q. I want to give you the figures correctly. You will permit me to check these. I am told the exact amount is $1.98?—A. Well; you made it when it was down low; you got the best of it because you made us pay in dollars and cents; when it was down to $4.33 you had the best of it, in the early part of it.

Q. Last year that is approximately what is was, around $4.33?—A. Yes, but we paid in dollars then and we paid it on this side before the boat sailed, in some cases, but you changed that. I paid the Government Merchant Marine six thousand some odd dollars on the "Victor."

Q. You are not gaining anything by this rate of exchange?—A. I pay $20.

Q. You paid $20 last year and you are paying $20 this year?—A. Yes.

Q. The English shipowners are getting in shillings the proceeds of one hundred dollars?—A. At $4.34 last year, yes.

Q. To-day he is getting the proceeds of $20 at $4.85?—A. Yes.

The CHAIRMAN: And his shillings at $4.85 are worth more in the international money market than they were a year ago?

Hon. Mr. STEVENS: Mr. Chairman, there is no point there. The shipowner paid his wages in shillings last year and he had more shillings out of the $20 to pay wages, and costs of handling this freight, than he would have this year. Consequently he is getting less.

Mr. DUFF: Not if he pays his wages and buys his coal in shillings.

Hon. Mr. STEVENS: Yes, he is getting a less number of shillings out of his $20 this year to liquidate his expenses.

Mr. MONTGOMERY, K.C.: And I have not heard that he is paying a less number of shillings for his wages.

The CHAIRMAN: He should be paying less for his supplies.

Mr. MONTGOMERY, K.C.: It has not been shown that he is paying less for wages or expenses. He is just that much out. The expenses are there and the difference is $2 a head—$2.32 now my friend Mr. Flintoft tells me.

The CHAIRMAN: In order to make that correct you would have to look at the whole scale of prices in Great Britain.

Mr. MONTGOMERY, K.C.: With great respect, Mr. Chairman, I think not. If he is paying wages and he has to pay the same number of shillings, then your economic principles and exchange in the world's international money market, do not help him very much.

Mr. DUFF: What about goods prepaid in Liverpool and going to Canada?

Mr. MONTGOMERY, K.C.: We are talking cattle now and the money going back. But I do not want to argue the question, Mr. Duff.

Mr. DUFF: I do not think it is worth arguing about.

Mr. MONTGOMERY, K.C.: The $2 is worth arguing about.

Mr. DUFF: But you can make that on this end on freight coming out.

Mr. MONTGOMERY, K.C.: No, we don't.

The CHAIRMAN: If they had full cargoes westward, the question of exchange would not matter.

Mr. DUFF: I don't care whether it is 100 per cent or 200 per cent, they make it coming westward whatever cargo they get.

Mr. SHAW: No, they cannot balance it.

Mr. DUFF: It may not balance but the difference is not worth talking about.

Mr. JOHNSTON: The shipper pays the $20 anyway Mr. Chairman.

Mr. MONTGOMERY, K.C.: So that I can satisfy the Committee about that five versus four in the stall, will you be good enough to look at the official regulations themselves.

Mr. SYMINGTON, K.C.: It is only eight inches; we are not troubling about that.

The WITNESS: You have got here, in these regulations; "Cows in calf are to be given the same space as fat cattle." We are not permitted to ship those. We cannot land them. May I ask you, do you know that we get that eight or ten inches? I did not know that we got it.

Mr. MONTGOMERY, K.C.: Don't ask me, colonel, I can't tell you.

The WITNESS: Looking at the ships as they are fitted, I did not know that was the case.

By Mr. Montgomery, K.C.:

Q. I am merely talking about the regulations. You say that they are required when five are shipped instead of four.—A. I did not know that an

additional eight inches were there. I thought it was two feet six inches for each and five went in four spaces.

Q. You now see that, whatever is done in practice, and I cannot help you out in that, the Government regulations call for eight inches extra?—A. Yes. I just want to explain to you about putting five in four spaces.

By Mr. Duff:

Q. Getting back to the question of space, colonel; does each animal have a separate pen?—A. No, four cattle stand between two planks put up in that shape, and the four cattle are in two feet six inches each, as I understand it, and then two planks up that way.

Q. Those four spaces are made for large cattle are they not?—A. Yes. There was a man shipped a short time ago a bunch of cattle loose, on one of the Government boats, and in 233 spaces he put 330 or 340 cattle. I stand to be corrected on one of the two numbers. Now that is absolutely wrong. And put them in loose. You cannot land the cattle in Scotland or England in good shape when you do that sort of thing.

By Mr. Black:

Q. What boat?—A. That was on one of the Government boats.

Q. Under inspection?—A. I don't know. They went over in that way, I was given to understand.

Q. How did they land?—A. I don't know. I heard, not very well.

By Mr. Duff:

Q. See if you can get my argument. You say in this ten foot space, sufficient space is there for four large cattle?—A. Yes, comfortably. But not all large ones. Mixed large and small.

Q. Supposing that the whole shipment was small cattle, 1,100-pound cattle, say 500 or 400 head, whatever the case may be; could it not be arranged either on these present steamers or on new ships which would be built, to have certain spaces for the smaller size cattle and then the two feet six inches for the large size? In other words, I want to find out if it is possible to reduce the space. For instance, you are paying $20 a head; now if a 2,000-pound animal and an 1,100-pound animal were put together?—A. It is not very comfortable for the cattle to put four of those large cattle in those four spaces. You will generally mix your shipments with big and little. You do not put four 1,800-pound cattle in those stalls. There is generally an animal weighing 1,100 or 1,200 with two large ones.

Q. If you mix your cattle then you have to have a flat rate as Mr. Montgomery says?—A. Yes. I suggested the flat rate but I do not agree with putting five in four spaces. What I have seen landed did not land in good condition or as saleable as cattle that have plenty of room on the ship, and two feet six inches gives them ample room.

The CHAIRMAN: Colonel, you have told us at least ten times that you are not in favour of putting five cattle in the space intended for four.

By Mr. Montgomery, K.C.:

Q. Colonel, we will just clear up another thing in the record that might leave an erroneous impression. It is suggested that only about 100 head went by the steamers, as a general rule. My instructions are that they run from 230 up to 900.—A. Yes?

The CHAIRMAN: Order, please. I see that some people have difficulty in hearing what is going on. I must ask everyone not to talk except the Counsel and witness.

By Mr. Montgomery, K.C.:

Q. You heard it stated that the number of cattle carried is only about 100 head?—A. I never heard of only 100. They have always carried more than 100.

Q. As a matter of fact my instructions are that they run from 230 up to 900.—A. Yes, 233 up as high as 900. The *Irishman* and *Welshman* will carry more if they open up other decks.

Q. You were speaking of a lot of light store cattle or stockers you sent over last year on which you lost some money, I think you said. That was right?—A. Yes, by the Canadian Government boat *Victor*.

Q. That was not the only shipment of cattle you made last year, was it?—A. Oh my, no.

Q. You were shipping right through the season, were you not?—A. Right through the season, yes.

Q. And this was just one lot tried out, of exclusively light stockers?—A. Yes.

Q. Not mixed in the way you described to Mr. Duff?—A. There were a few heavy cattle amongst them but mostly light cattle.

Q. Since that time you have been more or less mixing the heavier and light, carrying some store and some fat cattle?—A. Yes.

Q. And finding a ready market for them?—A. Yes, a fairly good market.

Q. What ever the ups and downs of the cattle business may be, and not wishing to pry unduly into your affairs, you made money in the cattle business last year, did you not?—A. Yes.

Q. I am speaking of course of the export business?—A. In the exporting of cattle bought on the markets, you are alluding to?

Q. Yes.—A. Yes, I made money. Some lost money.

Q. Some always will I think, in every line of business.—A. Yes; it was not all gain; there were some boats lost money.

Mr. MONTGOMERY, K.C.: That is all, colonel, thank you.

The CHAIRMAN: Any questions?

By Mr. Symington, K.C.:

Q. Colonel Mullins, Mr. Montgomery addressed some questions to you based upon a 13½ cent price, what he called the ruling price to-day. What has been the ruling price for 1925 so far as you know?—A. 10 to 10¼.

Mr. MONTGOMERY, K.C.: I brought that out.

Mr. SYMINGTON, K.C.: I wanted to make it perfectly clear, because you insisted on the 13½.

By Mr. Symington, K.C.:

Q. The ruling price, colonel, has been 10, to what?—A. 10 to 10¼. I have just come back, and while I was in Liverpool 10¼ was an exceptional price to gain.

Q. So that whatever comparisons were made on 13½ would not be upon what has been the ruling price for 1925 nor yet for 1924.—A. No.

By Mr. Montgomery, K.C.:

Q. What was 1924, you told us eight or nine?—A. 9½ to 10¼.

Mr. MONTGOMERY, K.C.: And you made money on that.

The CHAIRMAN: If there are no further questions, to ask the witness, I will thank him very sincerely for the valuable information he has given the Committee, and discharge him. I thank you very much, Colonel Mullins.

Mr. SYMINGTON, K.C.: I will call Mr. Moore.

Mr. MONTGOMERY K.C.: Another cattleman?

Mr. SYMINGTON, K.C.: No.

WILLIAM W. MOORE. Called and sworn.

By the Chairman:

Q. Will you state your full name, sir.—A. William W. Moore.

Q. Speak so that everyone can hear you. What is your position?—A. I am General Manager of the United Dairymen Co-operative, Limited of Montreal and Belleville.

Q. Where is your home, sir?—A. Montreal.

Q. And what did you say the name of the company was?—A. The United Dairymen Co-operative, Limited.

By Mr. Symington, K.C.:

Q. Mr. Moore, your organization is one for the co-operative marketing of cheese, is it not?—A. Yes sir.

Q. Cheese for export?—A. Yes.

Q. How is cheese sold for the export market?—A. Cheese is sold on a c.i.f. basis.

Q. C.i.f., U.K.?—A. Yes. Cost, insurance and freight in shillings per 112 pounds.

Q. So that whatever freight is charged is against the price?—A. Against the price.

Q. And it is sold you say on the basis of shillings per cwt. of 112 pounds? —A. Yes.

Q. What percentage of your cheese is exported?—A. Of the cheese of Canada?

The CHAIRMAN: Of Canada or of his company?

Mr. SYMINGTON, K.C.: Of Canada.

The WITNESS: In 1924, the production of cheese in Canada was in round figures 150 million pounds. And the total export for the 12 months ending March 31st, 1925 was in round figures 126 million pounds. So that the percentage exported was 84.5 per cent.

By Mr. Symington, K.C.:

Q. Then it is essentially an export commodity?—A. Yes, it is essentially an export commodity, and the price is based and fixed by the price in Great Britain.

Q. Where was your cheese mostly exported to?—A. The greater part of our cheese goes to Great Britain.

Q. Is Great Britain a large importer of cheese?—A. Yes, the largest importer of cheese of any country in the world.

Q. Do you recall what she imports a year?—A. In 1924—I have not got the total imports into Great Britain but the figures I gave you before were our total exports for the year. While our total exports to Great Britain were 120,454,400 pounds and that was 34.8 of the total quantity of cheese imported into the United Kingdom.

Q. That is your 120 odd million were 34 per cent of the total imports to Great Britain? Whereas from New Zealand the percentage of the total export was 52 per cent.

Q. That is, New Zealand 52 per cent of the importation, Canada, 34.—A. Yes.

Q. What was the position before the war?—A. In the pre-war years Canada practically controlled the cheese market in Great Britain so far as imported cheese was concerned.

Q. So that since the war, the import by Great Britain of cheese has shifted from Canada to New Zealand?—A. Very largely, yes.

Q. Now what was your pre-war ocean rate on cheese?—A. Prior to 1913, the rate in ordinary storage was 20 shillings per ton of 2,240 pounds plus 5/- per ton for cold air accommodation. And in 1914, that rate was increased by 5/- making it 25/- per ton of 2,240 pounds, which would be equal to 27 cents per 100 lbs.

Q. That is in 1913; then it was 22 cents per hundred pounds?—A. 22 cents per hundred pounds.

Q. With air cooled?—A. Cooled air accommodation.

Q. In 1914, that was advanced to 27 cents, with cooled air accommodation? —A. The cooled air accommodation was extra in both cases.

By the Chairman:

Q. More than 22 cents and 27 cents?—A. Yes. It would be 27 cents per hundred pounds with air cooled accommodation in 1913, and 32 cents in 1914.

By Mr. Symington, K.C.:

Q. What is it to-day?—A. The rate to-day in ordinary stowage is 70 cents per hundred pounds, and in refrigeration an additional 35 cents, making a combined rate of $1.05 per hundred pounds.

Q. Let us get it clear. Prior to the war, it was 27 and 32 cents with air cooled, or cooled air fanning system?—A. If you will pardon me, the cooled air was a special arrangement. By mechanical means the air was first cooled and then fanned through the hulls where the cheese was stored, which was partly insulated. It was not as good a cooling method as that in which the butter was carried, but it was a special arrangement for cheese; we had it in pre-war years, and we have not got it to-day. That is what I mean by cooled air accommodation.

Q. What I am trying to get, if you can give it to us, is a comparison between what you were getting for your money then and what you are getting for your money now?—A. The rate in 1914 was 32 cents with the refrigeration; the rate to-day is $1.05.

Q. Was the air cooled 32 cents rate as good for the cheese men as the $1.05 refrigeration?—A. Just as good.

Q. So that in your pre-war shipping you got all the accommodation you wanted, and just as good for your purposes to-day, for 32 cents, as what you are now paying $1.05 for?—A. Yes.

Mr. MONTGOMERY, K.C.: That is not what he says.

Mr. SYMINGTON, K.C.: If my learned friend has any objection to make, I wish he would make it. I do not want him to sit here mumbling. If he has any objection to make, make it to the Chairman.

Mr. MONTGOMERY, K.C.: It is the old game of comparing one rate with another; it has been done so often that we will not go over it again.

The CHAIRMAN: Before this goes any farther, as I understand it—and I think the Committee understands it just as clearly as the Chairman—to-day they have a refrigerated space which is not the same as the cooled air space of ten years ago.

Mr. SYMINGTON, K.C.: Quite right.

The CHAIRMAN: The witness says that that refrigeration is more expensive but is not any better for the shipper.

Mr. SYMINGTON, K.C.: Quite so.

The CHAIRMAN: For the shipper of cheese, although this arrangement may be better for the shipper of butter, and he compares the rate in 1914, of 32

cents, which included this less expensive mode of cooling, with the rate of $1.05, which includes the more expensive mode of refrigeration.

Mr. SYMINGTON, K.C.: And which is of no more use to him.

Sir EUGENE FISET: He did not say it was less expensive or more expensive, Mr. Chairman.

By the Chairman:

Q. Am I correct, Mr. Moore, in my summing up of your evidence?—A. I think I said it was more elaborate.

Q. As a rule, a thing that is more elaborate costs more money?—A. Yes.

Mr. MONTGOMERY, K.C.: There is practically no cheese shipped in the refrigeration space, and if the witness says there is, he has a mistaken idea of the facts.

Mr. SYMINGTON, K.C.: My learned friend should possess his soul in patience. The Chairman has given the effect of the evidence of this witness, up to this moment.

Hon. Mr. STEVENS: Mr. Symington, give us a comparison of the rate which is in use now.

By Mr. Symington, K.C.:

Q. What is the ordinary stowage rate?—A. 70 cents per hundred pounds.

Q. Which is, as I understand it, an ordinary stowage rate?—A. Yes.

Q. And which is the rate upon which cheese is shipped to-day?—A. Yes.

Q. Is it as good for your purposes as the 32 cent rate was before the war?—A. Not during the hot weather.

Q. Why?—A. Because the ordinary storage to-day is in the ordinary holds of a ship which are cooled by ordinary cowl ventilators assisted by fans which after all take in the outside air at the prevailing temperature and force it through the cargo. But that air is not cooled as it was in pre-war times, with the cooled accommodation.

Q. As I understand it, however, you do ship now your cheese in ordinary stowage?—A. Ordinary stowage. Last year I think all the cheese moved at ordinary stowage, at the 70 cent rate.

Q. Was any of it affected by being sent in warm weather without storage?—A. Yes; last year we had a cool summer, no extreme hot weather as in years gone by. If we have a real hot summer, we will have complaints from Great Britain of our cheese arriving in a heated condition, the same as we had in the 90's.

Q. Have you any complaint then with respect to the comparison of this rate with other rates?—A. Yes, we feel that the rate on cheese in ordinary stowage, the 70 cent rate is too high based on a comparison with the rate on bacon. The rate on bacon is 50 cents per hundred pounds. Bacon is a more valuable commodity than cheese; the price of bacon on the export market is higher per hundred pounds than the price of cheese, and moreover the bacon that is shipped from the port of Montreal is largely American bacon. A very large quantity of it is American bacon, and we therefore feel that there is a discrimination against the Canadian cheese producer in favour of the American bacon producer, by a rate that for cheese is 20 cents per hundred pounds higher than for bacon.

Q. Have you anything to say, Mr. Moore, as to why New Zealand has captured the cheese trade from Canada?—A. Well, the fact is that our exports of cheese have declined in volume very considerably. In 1924, for instance, we shipped 103,000,000 pounds less cheese for export than we did in 1904, twenty years ago, and that means only one thing, that the cheese industry has been the

least remunerative branch in dairying in this country, because the quantity of milk produced in those years has increased from year to year, while there has been more money in the other branches of dairying, and other parts have been declining; and I want to emphasize this point before the Committee, that the producer of cheese in this country has to pay all these freight rates, in the final analysis, the freight charges to Montreal, and to and from Great Britain. He is selling in a world market, and has to meet competition, and all these charges; everything in the way of expenses comes out of the producer's pocket. There is no business that I know of that is carried on on such a small margin as the export cheese trade, and every fraction of a cent counts. It is therefore important that we should get for the producer, if he is to get a fair return for his labour, the least possible expense accounts, that we should keep the expenses of shipping cheese to Great Britain at the lowest possible point.

Q. Do you think the market could be recovered for Canada?—A. I think a further decline can be averted.

Q. Is there anything else you want to say to the Committee, Mr. Moore? —A. I might just say that I spoke a moment ago of the comparison of the rates on cheese and bacon. In previous years there has been the same rate on bacon as on cheese; for instance, in 1920, the rate on cheese in ordinary stowage was $1 per hundred pounds, and the rate on bacon was $1. In 1921 the rate on cheese in ordinary stowage was 75 cents per hundred pounds, and on bacon it was 75 cents per hundred pounds; in 1922 the rate on cheese was 75 cents, going down to 60 cents on the 1st of October of last year, and on bacon it was 60 cents. In 1923 the rate on cheese was 60 cents, on bacon 40 cents, and in 1924 the rate was increased on cheese to 70 cents, it remained at that until December, on bacon it was 40 cents, it went up to 50 cents, and it remains there to-day.

Q. So that the introduction of the differential between cheese and bacon took place in 1922, and has continued since then?—A. That is right.

By Mr. Duff:

Q. What was the rate on bacon in 1914?—A. I have not got it that far back; I have not got the figures.

Mr. DUFF: I don't think there was a commodity rate on bacon.

Mr. FLINTOFT: We had a rate of 23·63 cents in 1914.

Mr. SYMINGTON, K.C.: 23 cents and something.

Mr. DUFF: And the rate on cheese that year was 22 cents?

Mr. FLINTOFT: The rate on cheese was 31·32.

Mr. SYMINGTON, K.C.: In ordinary stowage?

Mr. FLINTOFT: Yes.

The WITNESS: In 1914 the rate on cheese was 25 shillings per ton of 2,240 pounds.

Mr. FLINTOFT: 27 shillings plus 5 per cent in 1914 on cheese, and bacon was 23.63.

By Mr. Symington, K.C.:

Q. Where did you get your figures, Mr. Moore?—A. Just from the Board of Trade records in Montreal.

Mr. SYMINGTON, K.C.: Is there a tariff of 1913?

Mr. FLINTOFT: No.

Mr. SYMINGTON, K.C.: Mr. Marlow says there is. We asked for it.

Mr. MONTGOMERY, K.C.: You will get them all in the minutes, I suppose. They go back that far. I have not checked them up myself.

Mr. SYMINGTON, K.C.: We might as well settle this now. We asked for the 1913 tariff. Mr. Marlow says there is one. We cannot make the comparison we want until that tariff has been filed.

Mr. MONTGOMERY, K.C.: Your witnesses so far do not seem to have much difficulty.

The CHAIRMAN: If the tariff is in existence, surely Mr. Marlow will be glad to file it instanter, if he has it with him.

Mr. FLINTOFT: He has not got it with him, sir.

Mr. MARLOW: I will get it.

The CHAIRMAN: Telephone down to-night, and have it sent up on the morning train so that it may be here for to-morrow's session.

Mr. FLINTOFT: Will you make an order to that effect?

The CHAIRMAN: I do not want to make an order. To Mr. Marlow a request will be quite sufficient.

By Mr. Symington, K.C.:

Q. How about space, Mr. Moore; do you have any difficulty getting space?—A. No, there is plenty of space, in ordinary storage.

Q. Do you want to ship cheese in refrigerator space?—A. Yes, if the rate was low, like it was in pre-war years. You will understand that we do not want too low a temperature for cheese. When I speak of a cool temperature, we have 35 or 40 degrees; that is all that is required to-day. I can quite understand that steamers fitted with refrigerator facilities, capable of putting the temperature down to 10 degrees below zero are not likely to carry cheese in those chambers, because they can carry butter, frozen meats, frozen fish and so on in those chambers, and it is unfortunate that we are back in our facilities as compared with pre-war years. In 1896 we had no refrigeration on ocean steamers, and the Dominion Government went to the steamship companies and induced them to put refrigerator chambers in their steamers for cargo accommodation, and the Dominion Government paid one half the cost of putting in those air chambers up to $10,000 a ship. In a few years we had plenty of ships sailing from Montreal with splendid accommodation for all classes of perishable goods, and to-day we are back to the old accommodation for cheese that we had prior to 1900.

Q. Now, just to clear up one point which came out, is there any objection to cheese going in refrigerated space?—A. Not at a proper temperature, a temperature of not lower than 35 degrees.

Q. If it went at 25 degrees, would it injure the cheese?—A. Yes, it would freeze the cheese.

Q. You would not want to freeze the cheese?—A. No.

Q. So your situation is that you have to take ordinary stowage because there is not what we might call "cooled air" stowage at 35 to 45 degrees?—A. I would like to make this point clear. In my comparison of bacon, I stated the rate on bacon to-day was 50 cents and the rate on cheese 70 cents. The statement will be made that bacon will show somewhat better than cheese, and that therefore cheese should carry a higher rate. I will admit that there is something in that contention, but I will claim that the difference should not be over five cents a hundred pounds, a difference of five cents. For instance, on a rate of 50 cents on bacon we think a fair rate on cheese would be 55 cents, because bacon will show slightly better than cheese in the hold of a ship. The only other comparative rate I have—and I will give it for what it is worth, and subject to correction by the steamship companies—is a rate which I understand, is in effect from Vancouver across the North Pacific to China on cheese, and in the ordinary storage the rate would be 60 cents per hundred pounds, and the distance from Vancouver to Hong Kong is 6,298 miles.

By Mr. Flintoft:

Q. What was the rate?

Mr. SYMINGTON, K.C.: Sixty cents from Vancouver to China, ordinary stowage, as opposed to the 70 cent rate.

The WITNESS: Which is for about 3,000 miles, across the North Atlantic.

By the Chairman:

Q. How far is it across the Pacific?—A. From Vancouver to Hong Kong it is 6,298 miles.

By Hon. Mr. Stevens:

Q. How much cheese is shipped that way?—A. Very little. As a matter of fact, there were 178 tons, but the less cheese you would naturally expect a higher rate.

The CHAIRMAN: Mr. Montgomery, are you ready to cross-examine this witness?

Mr. MONTGOMERY, K.C.: Mr. Flintoft will cross-examine him.

By Mr. Flintoft:

Q. Mr. Moore, you said you were the General Manager of the United Dairymen's Co-operative? Your headquarters are at Montreal, are they? —A. Yes sir.

Q. And just how do you carry on business, Mr. Moore? Do you export cheese?—A. No, not directly. We sell the cheese at auction to the exporters in large parcels. We bring it in to Montreal and Belleville; have the cheese crated, the weights averaged, the boxes coopered ready for export, and offer them for auction twice a week, at the Board of Trade, Montreal, to exporters.

Q. And the cheese is not necessarily immediately exported?—A. No.

Q. Sometimes it changes hands two or three times after you sell it?—A. Sometimes.

Q. So that your price is not necessarily the c.i.f. price on the actual exportation, is it?—A. On the day of the sale we always compare—we have cables from England on that day and we compare that price with the price we are offered, and we take into account freight, marine insurance and the handling charge at Montreal, to arrive at what is a fair market price. We try to get that fair price, or else we do not sell.

Q. Your exportation to Great Britain you gave us for 1924, was it, was 120,000,000 odd pounds?—A. Yes, for the twelve months ending March 31st, 1925, 120,454,400 pounds.

Q. And how is your present exportation comparing with the same period last year?—A. That is, you understand, for the year ending March 31st last.

Q. I quite understand, but how does your present exportation, say week by week, compare with the same time last year?—A. We have exported rather a larger quantity this year, taking from the 1st of May up to date, than we did last year in the same time.

Q. I have a clipping here of last week, from the Montreal Star, in which it says that the cheese exports from Montreal for the week ending May 9th show a slight increase over those of the previous week, but are more than double those of the corresponding week of last year, the figures being 13,180 boxes, as compared with 12,812 boxes during the previous week, and 6,349 boxes last year. That is correct, is it?—A. That is correct. It is just the beginning of the season, you understand, and although it shows double the shipment of last year, the shipment last year was very very small. Both shipments are small to what will happen a month hence.

Q. We have a record of cheese exported to the United Kingdom dating the years ending March 31st, and the figures I have here are: 1923, 1,065,504 boxes; in 1924, 1,103,816 boxes and in 1925, 1,204,544 boxes. That does not look as though the year ending March 31st 1924 was so very much below the last year?—A. No, there was a slight increase in the last year, but the general tendency, taken over a period of ten years, has been downward. There have been minor fluctuations in certain years, of course.

Q. But of course, you do not attempt to compare the present export of cheese with the export during the war years, or the years immediately succeeding the war?—A. I have compared with 1904, which is twenty years ago.

Q. 1904?—A. Yes.

Q. A lot of water has passed over the dam since 1904, has it not?—A. Yes.

Q. In the dairying industry?—A. Yes.

Q. In fact, the conditions in the dairying industry have almost completely changed since 1904, have they not?—A. Just as I say, the production of cheese has decreased, and the export of cheese has decreased, and the quantity of milk going into other commodities, such as butter, condensed milk, ice cream and cream shipments to the United States, has increased.

Q. In fact, the production of butter has increased enormously, has it not? —A. Yes.

Q. And the ice cream trade, as it exists to-day, was practically unknown in 1904, as it is known to-day?—A. Yes, there has been a big increase in the ice cream trade.

Q. And you might say the same of the condensed milk trade?—A. Yes.

Q. And the export of milk and cream to the United States, to large centres in the United States?—A. Yes.

Q. So that while you may say that the cheese industry has lagged, it is rather because the farmer has got better prices for his products through these other outlets?—A. That is another way of putting what I said, that cheese has been the least remunerative of the different branches of dairying. If there had been more money in cheese the farmer would have continued to make cheese, and there would have been less going into cream, butter, and condensed milk.

Q. He, like a wise man, has sold for whatever purpose he could get the most money?—A. Exactly.

Q. Now, you stated, I think, that prior to 1913 your rate for ordinary stowage was 20 shillings, plus five shillings for cooled air?—A. Per ton of 2,240 pounds.

Q. Yes, per ton, and in 1914 that was increased to 27 shillings, plus five shillings for cooled air accommodation?—A. Yes.

Q. Just for your information I might say that as was pointed out before, the rate in 1914 was 27 shillings plus five shillings, which works out in currency at 31.32 cents per hundred pounds.

Mr. Symington, K.C.: We might as well clear this up now, because we had a discusion about butter, over Dr. Ruddick. This was the authority for butter, and I find this is also the authority for cheese. Dr. Ruddick writes to Dr. Grisdale and says:

> "Going through some papers to-day I found a memorandum which was supplied to me by Mr. Marlow in 1920, covering the rates on cheese and butter. I have added to this memorandum the rates for 1924, and I now enclose copies."

The memorandum which he says he got from Mr. Marlow in 1920—as we are discussing cheese—is: Pre-war, ordinary cargo, 25 shillings per ton of 2,240 pounds, or 22.3 cents per hundred pounds, plus five shillings per ton for cooled air space, which equals 4.9 cents per hundred pounds, or a total rate for cooled air of 27.2 cents per hundred pounds. To clear up the dispute about butter the other day, Mr. Marlow's memorandum has: Pre-war, 25 shillings per ton

of 2,240 pounds, which equals 22.3 cents per 100 pounds, plus cold storage rate of 10 shillings per ton which equals 9.8 cents, a total rate in cold storage of 32.1 cent per hundred pounds, which you will remember was the figure given, which they said was 51.

The WITNESS: That agrees with my figures exactly.

Mr. FLINTOFT: This is not, of course, an exact copy of the memorandum.

Mr. SYMINGTON, K.C.: Yes, Dr. Ruddick says they are copies.

By the Chairman:

Q. These figures, Mr. Moore, which you have just heard—are those the same as the figures which you quoted to-day?—A. Identically; they are exactly the same figures I have quoted.

By Mr. Flintoft:

Q. Now, Mr. Moore, you tell us that the refrigerator rate is $1.05 per hundred pounds, but you have no knowledge of anyone ever asking for refrigerated space for cheese?—A. I know that recent evidence gives the rate as prohibitive; 35 cents additional is prohibitive.

Q. Are there many claims on cheese in ordinary stowage?—A. In the hot seasons, yes.

Q. In your experience have there been any?—A. I was over in England a good many years ago in a very hot summer. I went over to investigate that especially, and there were thousands of boxes—yes, thousands and thousands of boxes of Canadian cheese arrived there in a disgraceful condition through the heat.

Q. How long ago was that?—A. Twelve years ago.

Q. At that time was there not cooled air accommodation?—A. No, it was before the cooled air; it was shipped in ordinary stowage. It was shipped, I understand, in ordinary stowage from Montreal.

Q. You said you had a cooled air rate prior to 1913?—A. I did not mean to say "12 years ago." I did not realize that time was passing so quickly When I come to think of it, I realize that what I refer to was in the year 1901; that is 24 years ago.

Q. And you remember about claims 24 years ago?—A. I do not remember about the claims, but I remember about the cheese I saw in London and Bristol and Liverpool and Glasgow.

Q. And it was all in a poor condition?—A. Not all of it, but a very large proportion.

Q. Do you know where it was stowed?—A. In the ordinary hold of the ship.

Q. It was stowed in the ordinary hold of the ship?—A. I will tell you why I know that. For 18 years, prior to 1920, I was chief of the Market Division of the Department of Agriculture in Ottawa, and as such I had charge of the work that the Department carried on, and still carries on, in the ports of Canada and the ports of Great Britain, and I used to go to Montreal and watch the loading of the ships, and on several occasions I have been across and watched the unloading, and I was receiving the reports of the Cargo Inspectors continuously, so I am conversant with what went on, particularly previous to the war years.

Q. Well, since you get the cooled air accommodations is there a difference in the claims?—A. Yes. Our cheese arrives in a very much better condition with cooled air; we have splendid accommodations in the ships, and splendid service.

Q. Do you know, as a matter of fact, Mr. Moore, that at the present time there is practically cooled air accommodations in ordinary stowage?—A. In ordinary stowage?

Q. Yes?—A. No. I know there are fans fanning ordinary outside air through the hold; that is not cooled air, though.

Q. But it serves the same purpose?—A. Not to the same extent.

Q. Not to the same extent?—A. Oh, no.

Q. Have you ever heard any of the people who were actually shipping cheese complain of that accommodation?—A. Oh, yes.

Q. You have?—A. Oh, yes.

Q. Recently?—A. Last summer.

Q. And yet you say that last summer was a cool summer——A. I say the complaints were not at all numerous. I say if we get a hot year—and I am prophesying now—we will have a lot of trouble; if we do not have a hot year, we won't.

By the Chairman:

Q. By the way, where is your home?—A. I was born in Charlottetown, P.E.I.

The CHAIRMAN: Mr. Sinclair, we have explained the excellence of this witness.

By Mr. Flintoft:

Q. Mr. Moore, you have compared cheese with bacon. Do you know what competition there is with Canadian bacon in England?—A. Yes.

Q. What is the principal competition?—A. Canadian with Danish bacon, mostly, and American.

Q. Which gets into Great Britain at a much lower rate, does it not?—A. I presume the Danish bacon does.

Q. And if that is a fact, it would have some influence, naturally, on the rates, would it not—the rate from the United States or Canada?—A. Well, I do not know that.

Q. You do not know that?—A. No.

Q. Is that a reasonable assumption? If our bacon is to be put into England in competition with the Danish bacon, the tendency would be to assist, if possible, in the ocean rate?—A. I presume so. I wish it would have the same tendency with cheese to assist us in our competition with New Zealand.

Q. Is it not a fact that you get a better price in Great Britain than in New Zealand?—A. No, no quality for quality—about on a parity.

Q. You do not agree with some of the witnesses who gave evidence this afternoon?—A. The best Canadian cheese and the best New Zealand cheese sell about the same. You understand there is a seasonal difference. For instance, to-day the spot price in London for New Zealand cheese is about 96 shillings, whereas the spot price for Canadian cheese in London to-day is about 91 shillings. That is because our cheese are fodder cheese, and New Zealand's is grass.

Q. You would not compare the cheese produced at this time of the year in Canada with the New Zealand cheese produced from grass?—A. No; but taking it the year round, the best Canadian cheese and the best New Zealand cheese sell on about a parity.

Q. Then you do not agree with the actual exporters who gave evidence to the effect that Canadian cheese leads the van in Great Britain?

Mr. SYMINGTON, K.C.: I do not remember any evidence from actual exporters.

The WITNESS: I agree to this extent, that we produce the finest cheese in world. Our best cheese is equalled by none. I heard the evidence to-day, and I heard Mr. Arthur Hodson say practically as I am saying now, that there was no difference, taking the year around, between the best Canadian cheese and the best New Zealand cheese.

By Mr. Flintoft:

Q. And you would take Mr. Hodson's evidence rather than the evidence of the other exporters?—A. I would take Mr. Hodson's evidence as corroborative of what I know myself—my own knowledge.

Q. There seems to be some difference of opinion then between the exporters? —A. I did not hear any evidence to any other effect.

The CHAIRMAN: What evidence are you talking about?

Mr. FLINTOFT: I am speaking of the proceedings before the Railway Commission to-day. I assume I may question the witness on that?

The CHAIRMAN: As you were talking about evidence, and not mentioning the Court before whom it was produced, I was taking the perhaps erroneous assumption that you were talking about evidence produced before this Committee.

Mr. FLINTOFT: I have heard of cheese that was as hard as leather, but I do not believe the evidence being given this afternoon was about that cheese. As a matter of fact, Mr. Moore and I were having a little conversation about what occurred in another place.

Mr. MONTGOMERY, K.C.: Does it not all illustrate that even controlled rates, and before a Board as efficient as the Railway Commission, these wrangles will still go on, regarding railroad rates as well as ocean?

The CHAIRMAN: I do not know what the last remark refers to at all. Proceed, Mr. Flintoft.

By Mr. Flintoft:

Q. Mr. Moore, do you seriously contend that this decline in cheese is due to the ocean rates?—A. I have never said so.

Q. Then, when you told Mr. Symington that you had hopes that the decline would be stopped, you were not referring particularly to any relation with ocean rates?—A. Oh, yes, ocean rates among other things. I said if we could reduce the cost of landing our cheese all along the line to Great Britain it would have a tendency perhaps to arrest the decline.

Q. And if you could reduce the cost of production, it would have the same tendency?—A. Certainly.

Q. And I understand the cost of production has gone up about 100 per cent since 1913?—A. Yes, I have no doubt it has, but unfortunately our freight rates have gone up $3\frac{1}{2}$ times; in refrigeration, not on ordinary stowage.

Q. Not from the figures we have here. Of course, if you are comparing—

Mr. MONTGOMERY K.C.: That is the Symington comparison.

Mr. FLINTOFT: —the rate that Mr. Symington puts in of 27 cents with $1.05, that is correct, but on the basis of ordinary stowage, which are the only comparable rates, it is about $2\frac{1}{2}$ times.

The WITNESS: 27 cents in ordinary stowage against 70.

By Mr. Flintoft:

Q. 31.32 as against 70?—A. We do not agree with your figures.

The CHAIRMAN: No, if you are going to compare the 31.32, you must compare it with $1.05.

Mr. FLINTOFT: 31.32 is ordinary stowage, according to our tariff.

The CHAIRMAN: We have a letter from Mr. Marlow—

Mr. FLINTOFT: Excuse me, if you have been following this, you have not a letter—

The CHAIRMAN: I have been following this as closely as I can. Produce the letter, Mr. Symington, and we will see.

Mr. SYMINGTON, K.C.: The letter was exactly as I read it, but perhaps this will be an opportune time to make an explanation. I think Mr. Flintoft is wrong, with all due respect to him that 27.12 was the rate for ordinary stowage—

Mr. MARLOW: Plus five shillings.

The CHAIRMAN: Let us compare ordinary stowage with ordinary stowage.

Mr. FLINTOFT: As Mr. Marlow has corrected it it would be 27.12 with 70.

Mr. SYMINGTON, K.C.: Mr. Marlow has pointed out, Mr. Chairman,—so we will get this thing clear—that in the memo which his office sent to Dr. Ruddick, apparently they made a mistake in converting sterling into cents per hundred, because Mr. Marlow's office turned 25 shillings per ton of 2,240 pounds, into 22.3 cents per 100 pounds. Mr. Marlow now shows me his conversion book which shows it is 27.12, so that if his office converted this at par, apparently they made a mistake. That is Mr. Marlow's explanation.

The CHAIRMAN: So to-day, am I right in speaking stating from all these explanations, we draw this fact, that the rate on cheese in ordinary stowage in the year 1914 was 27.12 per hundred pounds.

Mr. SYMINGTON, K.C.: Quite so.

The CHAIRMAN: To-day, in 1924, it is 70 cents per hundred pounds.

Mr. SYMINGTON, K.C.: Yes. In 1914, if you added the chilled air, you add 9.8 cents.

The WITNESS: Five cents.

Mr. SYMINGTON, K.C.: 4.9 cents for the cooled air space. To-day there is no cooled air space, and you add 35 cents for cold storage.

The CHAIRMAN: For refrigeration. Anyway, whether we—

Mr. MONTGOMERY, K.C.: The Manchester Lines have cooled air space, as formerly.

The WITNESS: Not that I know of. There is no rate under 35 cents and it is refrigerated space, capable of putting the refrigeration down below 30 degrees.

The CHAIRMAN: I think I have it now. Thank you very much. You will excuse my interruption but it is just as well to get it cleared out of the way.

By Mr. Flintoft:

Q. Mr. Moore, do you know what the condition is in the packing of New Zealand cheese, as compared with Canadian?—A. No, I do not know. I am acquainted with the package from New Zealand. They use a crate, carrying about 82 pounds each. It is a more substantial package than the Canadian one.

Q. About this rate from Vancouver to China it is ordinary stowage?—A. Yes, sir.

Q. They do not seem to have much trouble with claims, there, do they?—A. Well, the quantity shipped was most extraordinarily small, I merely give that as a rate.

Q. It passes through warmer temperatures than the cheese going to Great Britain?—A. I do not know if the cheese was shipped in ordinary stowage or not. That is the ordinary stowage rates that I got from the C.P.R. in Montreal, and they gave me that rate as approximately. That is the word they used, "approximately," 60 cents per hundred pounds and I have the figures of what was shipped, and was only 178 tons last year.

The CHAIRMAN: I might say that the witness was careful to say that he gave it subject to correction.

By Mr. Flintoft:

Q. Have you any knowledge as to how the return cargoes from the Orient compare with those from Great Britain?—A. I have no knowledge.

Q. It would have a considerable effect on the rate, would it not?—A. I presume so.

Q. If they were much more remunerative?—A. Yes.

The CHAIRMAN: In connection with that I would draw your attention to my recollection that some of the witnesses for the steamship people said that the westbound rate on the Atlantic, United Kingdom to Canada did not affect the rate from Canada to the United Kingdom.

Mr. FLINTOFT: Oh! no; I did not ask Mr. Moore, if you followed me, what the rate was on the cargo from the Orient to Canada. I asked what sort of return cargoes they were, if he knew anything about them. As a matter of fact, it is a matter of common knowledge that the ships from the Orient carry silk, as one of the important cargoes, the highest priced and the most remunerative cargoes. I am not suggesting that the rate on silk affects the rate on cheese, but I am suggesting that the eastbound or the westbound voyage from the Orient to Canada affects the general operation of the steamers and affects what they have to get on the westbound voyage.

The CHAIRMAN: I could not understand the evidence to the contrary given before.

Mr. FLINTOFT: The Chairman misunderstood the distinction which Mr. Marlow drew. He drew a very clear distinction between the rate and the earnings.

The CHAIRMAN: Your earnings must come out of the rates that you impose upon the traffic?

Mr. FLINTOFT: Certainly, but if you have to come westbound in ballast you have to get more eastbound; similarly if you come westbound with 80 per cent vacant space you have to make it up.

The CHAIRMAN: I would agree with you thoroughly, and that is why I could not understand that the rates on articles going one way do not affect articles going the other way.

Mr. FLINTOFT: I can only say, from what I heard of the evidence, that it was not that the rates had no effect, that is rates as rates. The earnings have an effect. That was Mr. Marlow's evidence and he has repeated it several times since.

The CHAIRMAN: Any more questions?

By Mr. Kennedy:

Q. In connection with the export of cheese, I would like to ask one or two questions: Before the cheese leaves Montreal, the packages are all coopered and placed in good shape for stowage?—A. Yes. The boxes are all gone over and cut down, if they are too high; the covers are all nailed and packed, that is if the cover is bigger than the box; there is a piece of wood put on to that and if there is any split veneer, there are clamps put on and if the box is badly split, it is wired; there is a wire put on by a machine in the warehouse.

Q. In your experience, would there be many claims or would there be much damage done to boxes in transit from Montreal to United Kingdom points?—A. There is more or less damage. I think there is not any more than is inseparable from the handling of a package of that character.

Q. Can you give an estimate of what percentage of boxes would require coopering on the other side, when they reach there?—A. No. I would not care to give an estimate of that.

Q. It would be rather small, would it not?—A. It would not be very large, I would not think.

Q. Because they are all in good shape when they leave?—A. Because they are all in good shape when they leave, and the steamship companies keep coopers on the dock in Montreal, so if an occasional box got broken, it is coopered before it goes on board the ship. We had some trouble years ago, when they used a rope net for putting the cheese on board but they use a platform sling now, and the cheese is hoisted onto that and put into the hold, and my experience was, previous to the war—things slackened up while the war was on—in stowing the cheese, with careful stowage in the hold and careful handling on the other side, the breakage is not exceptional, from the type of package we use.

Q. Another thing, as to how the prices can be reflected to the producer in Canada. You are familiar with the cheese trade, and the cheese board is organized throughout the various sections of this country and prices quoted thereon?—A. Well, the price is reflected in this way. The exporter takes his price on the c.i.f. basis; he takes it in at 212 pounds, and that is quoted on our rate of exchange on the 30 day bills and the cheese is that price—the ocean rate, insurance, handling, the marine and warehousing charges, railway freight from the shipping point to Montreal and any expense here, which his local agent has been to in buying at the country point.

Q. The exporter in Montreal sends out instructions to his buyers on the local country cheese boards and sets a certain price?—A. Gives them a limit, based on the cable price of that day.

Q. So that the world market price is directed on that?—A. Absolutely. The farmer, in Nipissing, who is sending milk to a small cheese factory has his price based on the price of cheese in London at that time.

Q. Your experience as to the the sales that are made on the country boards —the prices on the cheese board vary by small fractions?—A. As a rule, yes.

Q. A fraction of only one-eighth or one-sixteenth of a cent is quite important?—A. One-eighth is quite important on a cheese trade; one-sixteenth of a cent is very often sufficient to prevent a sale between the buyer and the seller. I had an offer of a parcel of cheese last week and there was one-sixteenth of a cent between the bid and what I wanted and there was no sale.

Q. That quite frequently happens?—A. Yes.

By Mr. Flintoft:

Q. Is it not a fact that a good deal of damage is done to boxes on this side of the water, which is taken care of by cooperage here?—A. You understand that 90 per cent of all cheese, at least, exported from Montreal, passes through the warehouses of the exporter and they are coopered there. We cooper all the cheese we sell in shapes, and they go right aboard.

Q. Have you a warehouse of your own?—A. Yes.

Q. When you sell the cheese it goes direct from your warehouse to the wharf?—A. If it is going to be shipped that day or that week, it does. If it is going to be held, we might hold it in part of our warehouse building or it might be transferred to the buyers warehouse.

Q. I suppose this cheese, as you said, was transferred around two or three times, say, from the time it leaves your hands until it is loaded on the ship; it may be some weeks?—A. As I said, at times cheese may pass through two or three hands before it is finally exported but, as you understand, I do not say it is common practice, but it does happen. There is a lot of inter-trading between firms in Montreal. Coopering would be done in every case by the present owners of the cheese.

Q. There may be cooperage at the wharf, when it finally lands there? —A. Yes.

The CHAIRMAN: Is that all? If so, I am going to thank Mr. Moore very cordially on behalf of the Committee and discharge him.

Witness discharged.

Mr. SYMINGTON, K.C.: I have another witness, but some of the members are complaining about the lateness. I would like to settle about the question of these log books coming up from Montreal, if we could get that settled.

Mr. MONTGOMERY, K.C.: As a matter of fact I have made inquiries to-night—the first opportunity I had—from Major Cairns, and he tells me that the captain of the Cairnview, I think it is, the one in port now—

The CHAIRMAN: The Cairn boat that is in Montreal?

Mr. MONTGOMERY, K.C.: This is its first trip out. It is his first trip on the boat, and the other one will arrive on Thursday morning and will be available, and we can get him up here. If it were necessary we could get him off at Quebec and get him up on Thursday but I do not think there is any such rush as that. We can have him on Friday, or again, if you want to come to Montreal on Friday we can show you that log book and many others.

The CHAIRMAN: I think that should be satisfactory. We will have it here on Friday, unless some other arrangement is made. Is there anything else?

Mr. SYMINGTON, K.C.: I have Mr. Cornell here, if you want to go on.

The CHAIRMAN: Is Mr. F. C. Cornell present? I would like a formal motion passed that he should be heard. I understand Mr. Symington would like to examine him and there has been no formal motion.

Hon. Mr. STEVENS: Who is he?

The CHAIRMAN: For many years he was Secretary of the Millers' Association. I saw him earlier in the evening, but apparently he is not here.

Mr. MONTGOMERY, K.C.: We can answer some of these questions now, if it will help Mr. Scott. Some of the accountants are here. Mr. Thompson for instance.

The CHAIRMAN: That will not only fill in the time but I hope usefully advance the enquiry.

THOMAS HUGH THOMPSON, called and sworn.

By the Chairman:

Q. Your full name, Mr. Thompson?—A. Thomas Hugh Thompson.

Q. And you come from what city?—A. Newcastle-upon-Tyne, England.

Q. And you are a chartered accountant, sir.—A. No, I am Chief Accountant to the Cairn Line of steamships.

Mr. SYMINGTON, K.C.: I would like very much to have Mr. Scott here, but he does not seem to be here either.

Mr. MONTGOMERY, K.C.: If you do not want to question him now, I am quite satisfied.

The CHAIRMAN: If Mr. Scott is not present, and Mr. Cornell is not present, and it is almost half-past ten, I think we had better adjourn until to-morrow. I have sworn this witness, Mr. Thompson, but we will not hear him this evening because Mr. Symington wishes to have his accountant with him.

Mr. DUFF: If we do not meet to-morrow night, I would suggest that we meet to-morrow morning, and to-morrow afternoon, commencing at 11.30 to-morrow until 1.

The CHAIRMAN: Half-past eleven does not give us very much time. I think we should not begin later than 11.

Then the Committee stands adjourned until 11 o'clock to-morrow morning.

The Committee adjourned.

PARLIAMENTARY SESSION, 1925

Special Committee appointed to consider the

Resolution

to give the Government of Canada control over certain ocean rates

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Proceedings of the Committee

No. 19—Wednesday, May 20, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee

Messrs. George H. Montgomery, K.C., E.P. Flintoft, C. Russell McKenzie, for the steamship companies

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. F. C. Cornell, Late Secretary, Canadian National Millers Association, Montreal

Mr. Thomas H. Thompson, Accountant, Cairn Line, Newcastle-upon-Tyne, England. (*Concluded*)

Mr. Stewart B. Brown, Manager, Transportation Department, Canadian Manufacturers' Association, Toronto.

Mr. William A. MacKay, Secretary, Dairymen's Association of Nova Scotia, Truro, N.S.

Mr. Howard B. Clemes, General Manager, United Farmers Co-operative Company, Toronto

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OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1925

EXHIBITS

No. 79—Statement prepared by the Canadian Manufacturers' Association on certain goods, Ocean Rates to United Kingdom, dated 1-3-24. Filed by Mr. S. B. Brown. (Read into evidence)

No. 80—Statement showing ocean freight rates on various commodities, Canadian ports to United Kingdom ports 1921-1925. Filed by Mr. S. B. Brown. (Read into evidence)

No. 81—Circular letter *re* Ocean Rates—proposed increase, 1924, sent out by Canadian Manufacturers' Association, dated 29-1-24. Filed by Mr. S. B. Brown. (Read into evidence)

No. 82—Circular letter dated 4-2-24, sent out by Canadian Export Club of Toronto on the subject of Ocean Freight Rates—proposed increase, together with schedule of protests received. Filed by Mr. S. B. Brown.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
COMMITTEE ROOM No. 277,
WEDNESDAY, May 20, 1925.

The Committee met at 3.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black (Halifax), Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—14.

On the suggestion of the Chairman it was agreed that the Fifth Report of the Committee be amended by the addition of the following:—

"That an additional 350 copies be printed for those interested who may make application therefor."

A letter was received from Mr. Duncan Campbell of Montreal, containing the weekly quotations on Canadian cattle sold in Birkenhead in 1924. Contents of this letter was discussed by counsel and it was ordered that before filing same as an exhibit, Mr. H. J. Symington, K.C., communicate with Mr. Campbell as to the correctness of certain figures mentioned therein.

The Clerk was ordered to communicate, by telephone, with Mr. Duncan Campbell instructing him to be in attendance on the Committee at its next session.

Mr. Frederick C. Cornell, Late Secretary, Canadian National Millers Association, Montreal, who was in attendance in obedience to summons, was called, sworn, examined and was discharged from further attendance.

Mr. Thomas H. Thompson, Accountant, Cairn Line, Newcastle-Upon-Tyne, England, who was in attendance, was further examined and retired.

The Committee adjourned at 1 o'clock p.m. to meet again at 3.30 o'clock p.m. this day.

The Committee reassembled at 3.30 o'clock p.m. the Chairman, Mr. McMaster, presiding, and with all the Members of the Committee present, with the exception of Hon. E. J. McMurray.

Mr. Thomas H. Thompson, who was again in attendance, was further examined, and was discharged from further attendance.

Mr. Stewart B. Brown, Manager, Transportation Department of the Canadian Manufacturers Association, Toronto, who was in attendance in obedience to summons, was called, sworn, examined and retired.

During the course of his examination the witness filed the following Exhibits, which with the exception of No. 82, were read into the evidence:—

No. 79. Statement prepared by the Canadian Manufacturers Association on certain goods, Ocean Rates to United Kingdom, dated 1-3-24,

2857—1½

No. 80. Statement showing ocean freight rates on various commodities, Canadian ports to U.K. ports 1921-1925,

No. 81. Circular letter *re* Ocean Rates—proposed increase 1924, sent out by the C.M.A., dated 29-1-24,

No. 82. Circular letter dated 4-2-24 sent out by the Canadian Export Club of Toronto on the subject of Ocean Freight Rates—proposed increase, together with a schedule of protests received.

Mr. William A. MacKay, Secretary, Dairymen's Association of Nova Scotia, Truro, N.S., who was in attendance was called, sworn, examined and was discharged from further attendance.

Mr. Howard B. Clemes, General Manager, United Farmers Co-operative Company, Toronto, who was in attendance in obedience to summons, was called, sworn, examined and was discharged from further attendance.

The Committee adjourned at 6.15 o'clock p.m. to meet at 11 o'clock a.m. Friday, May 22, 1925.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,
HOUSE OF COMMONS,
WEDNESDAY, May 20, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 11 o'clock, a.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, the Committee will please come to order. I placed before the Committee the other day the fifth report, which I was not able to present to the House, and since I submitted this report to the Committee and obtained its approval, I find that there has been difficulty experienced by members, including myself, in getting copies of our evidence for distribution to those who are interested. I suggest that I be allowed to add to my report words substantially as follows:—

"That an additional 350 copies be printed for those interested who may make application therefor."

Is that satisfactory, gentlemen? The report will be re-drafted, as I am not entirely satisfied with that phraseology.

Now, gentlemen, I received in this morning's mail from Mr. Duncan Campbell the weekly quotations on Canadian cattle sold in Birkenhead in 1924. I think that might usefully be put in. We had testimony from Mr. Mullins as to one certain market and general assertions as to general prices, but Mr. Campbell has sent me the weekly quotations week by week for the whole year. I think that might be put in.

Mr. MONTGOMERY, K.C.: What report is that?

The CHAIRMAN: Birkenhead. I order it be filed as an exhibit. I would ask counsel's views in regard to putting that in. Mr. Duncan Campbell is a man of repute and leading in the business. I could have him come here to testify as to the correctness of his figures, but I take it counsel will be satisfied to have me put it in in this informal way.

Mr. MONTGOMERY, K.C.: I do not know what the views of Mr. Campbell are on the cattle question. I have only seen him once, but when I saw him he did not seem impressed with the hardship of the present rates.

Hon. Mr. STEVENS: I think we ought to know the interpretation of this. Is that (indicating) 11 pence per pound?

The CHAIRMAN: Yes. On January 5th there was no Canadian; on January 13th the price ranged from $9\frac{3}{4}$ pence to 10 pence.

Hon. Mr. STEVENS: That is away out from Mr. Mullins' figures. He said 9 cents.

The CHAIRMAN: No, I think he said 9 pence.

Hon. Mr. STEVENS: This is pence; that would be 22 cents.

The CHAIRMAN: Gentlemen, I am going to take the opportunity afforded to few regular courts of immediately reversing a decision—

Hon. Mr. STEVENS: Would you permit me to suggest, before you do that, Mr. Chairman, that rather than disregard it, why not turn it over to Mr. Symington and the accountant and ask them to have the correct interpretation made of these figures. It may be they erroneously put pence instead of cents.

The CHAIRMAN: I will follow that suggestion, and with the Committee's permission I will cancel the order to file it as an exhibit at this time, and ask Mr. Symington to take charge of it and communicate with Mr. Campbell to find out what this means.

Mr. SYMINGTON, K.C.: What is Mr. Campbell's address?

The CHAIRMAN: Mr. D. A. Campbell, Board of Trade Building, Montreal. I am inclined to think that Mr. Campbell would be a useful witness, and I will ask the Clerk to communicate with him and request that he hold himself in readiness to come down. If we decide when we could usefully hear him, we could ask him to come on a certain day.

The CHAIRMAN: Mr. Gordon, will you kindly communicate with Mr. Campbell and ask him to be here for to-morrow afternoon. Now, that is nicely settled.

The CHAIRMAN: Who is the next witness?

Mr. SYMINGTON, K.C.: Mr. Cornell.

Mr. MONTGOMERY, K.C.: Have you not finished with Mr. Thompson?

Mr. SYMINGTON, K.C.: Mr. Thompson lives here, while this witness is from out of town.

Mr. MONTGOMERY, K.C.: It will only take a few minutes.

FREDERICK CHARLES CORNELL, called and sworn.

The CHAIRMAN: Last night it was moved by Mr. McKay, seconded by Mr. Duff, that Mr. Cornell be summoned before this Committee as a witness to-day.

By the Chairman:

Q. What is your full name?—A. Frederick Charles Cornell.

Q. And your home is in Montreal?—A. Yes, sir.

Q. You were, up until quite recently, an officer in the Dominion Millers' Association?—A. No, the Canadian National Millers' Association.

Q. And what office did you hold in that association?—A. Secretary.

By Mr. Symington, K.C.:

Q. How long were you secretary of the Canadian Millers Association?—A. From 1919 until the spring of this year, 1925.

Q. That is about six years?—A. Yes.

Q. Who are the Canadian National Millers Association. I do not want the individual names, but what do they generally consist of?—A. That is an association of Canadian Millers, representing approximately 80 per cent of the capacity of the milling industry of Canada.

Q. Representing approximately 80 per cent of the milling industry of Canada?—A. Yes.

Q. In your position, as secretary of that Association, you have had a good deal to do with ocean rates on export flour?—A. Yes.

Q. And with what is termed the North Atlantic Conference?—A. I would qualify that to say that most of our activities or intercourse has been with the Montreal Liner Committee.

Q. Now, have you had any questions up with them of discrimination in flour?—A. Yes, sir.

Q. Will you tell the Committee the history of that matter shortly?—A. With certain qualifications as to exact dates, around 1918, there was pressure brought to bear on the United States Government by the National Federation of Millers in the United States to try to come to some arrangement as to a fair ocean rate on wheat and flour. After some considerable time it was agreed that a differential of five cents a hundred pounds over the average grain or wheat rate was fair. This meant a fairly substantial reduction in the rates on flour. Our information was that the Montreal Liner Committee requested the New York—I do not know whether you could term it conference or committee—to protect the Canadian flour rate which developed, that if the Canadian flour was shipped either from Montreal or New York, the higher rate obtained.

Q. That is the rate over American flour?—A. The rate over American flour, flour milled in bond from Canadian wheat at Buffalo or any other intermediate point.

Q. By reason of that understanding, American flour and Canadian flour milled in the United States, enjoyed a cheaper rate from American ports than Canadian flour from Canadian ports?—A. And Canadian flour from American ports.

Q. And Canadian flour from American ports?—A. Yes.

Q. That is, Canadian flour suffered a handicap of a higher ocean freight rate?—A. Yes. I can say very shortly that in March, 1923, this evidence was all placed before the McMaster Committee and it is there in black and white.

Q. What did the Millers Association do? Did they object to that, the Canadian National Millers?—A. Yes.

Q. What did you do?—A. We saw either the Montreal Liner Committee or the sub-committee of the Montreal Liner Committee on at least two occasions and took the matter up with Ottawa.

Q. Did you get any relief?—A. Not until March, 1924.

Q. Not until March, 1924?—A. Yes.

Q. And how long had you been fighting this matter?—A. Since 1919.

Q. Had the discrimination been serious?—A. As high, in some cases, as eight cents per hundred pounds, or sixteen cents a barrel. I will say that with certain qualifications—I am speaking from memory but I think it was as high as eight cents.

Q. It varies from time to time?—A. It varied from time to time, from three cents to eight cents per hundred pounds.

Mr. RINFRET: Is that the amount of the discrimination?

The CHAIRMAN: Yes.

Mr. DUFF: What date is that?

Mr. SYMINGTON, K.C.: From 1919 to 1924.

By Mr. Symington, K.C.:

Q. What is the exportable surplus of wheat in Canada, roughly speaking? —A. That varies. The domestic consumption is more or less of a stationary quality, and the exportable surplus varies with the size of the crop, but roughly speaking, the average for the last two years has been around 200,000,000 bushels.

Q. How much of that is turned into flour for export?—A. The maximum export business done by the Canadian mills in any one year was 54,000,000 bushels.

By the Chairman:

Q. Does this 200,000,000 bushels include flour?—A. Yes, sir.

By Mr. Symington, K.C.:

Q. There were 200,000,000 bushels of wheat as exportable surplus, 50,000,000 of which, or 54,000,000, at the maximum, was turned into export in the shape of flour?—A. Yes.

Q. Can you figure at all what difference in money that differential made?—A. No, sir. We were asked, I think it was, by the Imperial Shipping Committee, if we could give an estimate, and the estimate we made at that time was a discrimination over a twelve months period of an average of four cents a hundred and eight cents a barrel on 4,000,000 barrels of flour shipped to the United Kingdom.

Q. In one year?—A. Yes. That is the estimate I made up at that time.

By Hon. Mr. Stevens:

Q. Eight cents a barrel on 4,000,000 barrels?—A. Yes.

By Mr. Symington, K.C.:

Q. That, in a twelve months period?—A. Yes.

Q. What was the effect, or what would be the effect upon the milling industry of such a discrimination?—A. Principally, sir, it would have a tendency to retard the normal healthy growth of the export trade.

Q. As a matter of fact, how does the export of Canadian mills stand with respect to their capacity?—A. Roughly speaking, based on last year's output, about 65 per cent of the output of the mills goes for export, on an average of all mills. The individual mills go as high as 90 per cent.

Q. Have the mills capacity to handle more export business now?—A. Yes, based on the actual business yield in the milling companies to-day, they can handle at least 30 per cent more output with no increase in the capacity.

Q. Under the present capacity they can handle 30 per cent more, without any increase of any kind?—A. Yes.

By the Chairman:

Q. Supplying their home demands just the same?—A. Yes.

By Mr. Symington, K.C.:

Q. That differential was removed in March, 1924?—A. On or about that date.

Q. In what way was that removed?—A. I could not say definitely. It was removed at the time the Imperial Shipping Committee were here. That was the first definite advice we had that the discrimination was removed.

Q. By the Imperial Shipping Committee, in 1924?—A. Yes.

Q. Does that mean that the rate on flour from Canadian ports is the same as the rate on flour from the American ports?—A. With minor variations, yes.

Q. What was your answer?—A. With minor variations, of one cent or two cents.

By Mr. Montgomery, K.C.:

Q. One way or the other?—A. One way or the other.

By Mr. Symington, K.C.:

Q. What is the total capacity of the Canadian milling industry?—A. That is a rather difficult question to answer. Do you mean the commercial milling capacity? There are two classes of mills; there are grist mills as against commercial milling capacity.

Q. The capacity I am referring to is mills producing for domestic consumption and for export for flour.

The CHAIRMAN: That would include both?

Mr. SYMINGTON, K.C.: Domestic and export.

The CHAIRMAN: That would include the small grist mill that produces for local consumption as well as the larger mill that produces for both?

Mr. SYMINGTON, K.C.: Yes.

The WITNESS: We estimate that the domestic consumption is 9,000,000 bushels a year.

By Mr. Symington, K.C.:

Q. What is the capacity for export in barrels?—A. That would leave an exportable capacity of, roughly, 22,000,000 barrels.

Q. An exportable capacity of, roughly, 22,000,000 barrels?—A. Yes.

Q. Do you know what the export was last year?—A. Very close to 12,000,000 barrels.

Q. Very close to 12,000,000 barrels; so it was up to 70 per cent of the capacity last year then?—A. Including your domestic, yes.

Q. Including the domestic?—A. Yes, sir. The total available capacity or potential capacity is around 33,000,000 barrels a year, of which 9,000,000 is domestic and 12,000,000 export.

Q. That is 21,000,000? Actually it is 33,000,000 capacity?—A. Yes.

Q. But the balance that is not used would practically all go as export, if the domestic is stationary?—A. Yes.

By the Chairman:

Q. We are a people who consume wheat flour and not a flour of other grains?—A. Yes. In fact, the consumption of wheat is higher in Canada than in any other country in the world, I think.

By Mr. Symington, K.C.:

Q. From your experience as secretary of this Association, is the flour business operated on a large or small margin, per barrel?—A. On a very small margin of profit per barrel, not a big turn over.

Q. Would a differential of eight cents a barrel, which is the average you took, make much of a difference in the operation of the mill?—A. I would say this, sir, that if a milling company were to average eight cents a barrel, on its total output, particularly an export mill—

By the Chairman:

Q. An average profit, you mean?—A. An average net profit of eight cents per barrel, on its total output, the story would be a good deal different from what it is now.

Q. Would it be a more pleasant story?—A. Considerably so.

Q. Considerably so?—A. Yes.

By Mr. Symington, K.C.:

Q. Now, the millers, I understand, have had a complaint, we have heard about it here, of a differential between wheat and flour?—A. Yes, sir.

Q. Will you tell the Committee about that?—A. Well, it is an old standing controversy, that has been going on for years; the mills claim, and with probably some justice to their claim—it is certainly based on a very competitive situation as far as they are concerned—that in the interests of the Canadian manufacture and Canadian agriculture, flour should be carried, as closely as possible, on the same rate as wheat.

Q. Now, I understand, flour goes in liners, generally speaking?—A. I would say the bulk of the flour business is liner business.

Q. As I understand it, the millers contend or ask that the flour rate upon liners should be as near as possible to the grain rate on liners?—A. Yes, sir.

Q. Is it your contention that, with respect to flour upon liners, it can be carried as cheaply, or anywhere like as cheaply, as grain upon liners?—A. We have never—well, I have endeavoured to find out the cost of handling wheat, as against flour, for personal satisfaction, but as representing the Association, we have never succeeded in finding, as evidence in any case, the cost of handling wheat as compared with flour.

Q. You did endeavour to get it?—A. Yes.

Q. How did you endeavour to get it?—A. Through evidence from the Shipping Federation, compilations that they compile, through stevedoring companies, checking up costs, particularly in the United Kingdom, as to handling flour as against wheat.

Q. Has the Association ever been satisfied on the subject?—A. No, sir.

Q. The fact then is, Mr. Cornell, and the evidence has been that grain has been carried to England and the United Kingdom at a considerable differential below flour?—A. Yes, sir. I think, last week—I cannot say this authentically, but I had a conversation with one of the export managers and I was informed that the heavy grain rate averaged about ten cents a hundred as against twenty cents on flour.

Q. Ten cents per hundred on grain as against 20 cents per hundred on flour?—A. Yes.

By the Chairman:

Q. That is, wheat—A. Yes, sir. That is just desultory conversation.

By Mr. Symington, K.C.:

Q. Are the Canadian mills in competition with British and Continental mills?—A. Canadian millers are in competition with millers throughout the world, sir.

Q. Then they are, I take from your answer, in competition with British and Continental mills, I mean mills existing over there?—A. Yes, they are in competition with British and Continental millers, on their own grain.

Q. On Canadian?—A. Yes, sir.

Q. That is, the British and Continental miller is manufacturing flour out of Canadian grain?—A. And the United States miller milling in bond.

Q. We have dealt with the United States in the matter of discrimination, and I want to get the result to the Committee, if there is any, with respect to the differential as against grain, insofar as it affects the trade?—A. I do not understand the question.

Q. What difference does it make to the Canadian mill, this difference of 10 cents against them in using the grain?—A. It is a considerable handicap, as we must sell in competition with continental millers.

Q. Who manufacture this grain alone, or with other grain?—A. They manufacture altogether with Canadian grain, or with blend.

Mr. MONTGOMERY, K.C.: Mr. Chairman, the witness has spoken of a differential as against grain. It is not a differential at all. We have seen that the grain rate fluctuates tremendously, and due to the fact that there has been very little cargo offering, the grain rate has gone away down.

The CHAIRMAN: We will see the difference in the rates, Mr. Montgomery.

Mr. MONTGOMERY, K.C.: The witness gives quite an incorrect figure when he speaks of it as a differential against flour, when it isn't any such thing. Flour

has its rate, and it may be that because of fluctuations in the grain rate the flour rate may differ greatly. The Committee understands these things, but much of this information goes out to the public, who do not understand it.

By Mr. Symington, K.C.:

Q. Mr. Cornell, let us see about this difference in rates now.

Mr. MONTGOMERY, K.C.: Just one moment, Mr. Symington. Grain for instance in the month of May has fluctuated between 1/9 and 2/9, just in this one month.

Mr. SYMINGTON, K.C.: We will find out about that.

By Mr. Symington, K.C.:

Q. First tell us, Mr. Cornell, the effect upon the Canadian mills of this difference in rates as between grain and flour?—A. Well, it gives the continental miller a tremendous advantage over the Canadian miller.

Q. Is England an exporting country in flour?—A. Yes.

Q. What has been the course of exports, for instance during the past year, so far as Canadian mills are concerned, up or down?—A. Well, the crop year—that is the year we deal with—is not completed, but I would estimate that there will be a reduction of better than 10 per cent in the export flour trade from the Canadian mills this year.

Q. And that includes the very large order which came from Russia this year—a somewhat unexpected business?—A. Yes.

Q. In spite of that, you say the export business will be down 10 per cent?—A. Yes.

Q. Has the export business from the English mills increased, or decreased?—A. The last information I had, sir, was about four months ago. It showed a substantial increase, comparing the three past years.

Q. A very substantial increase in export from the British mills?—A. Yes.

Q. It has been stated here before, and this morning, Mr. Cornell, that grain rates fluctuate?—A. Yes, sir.

Q. From which I take it the argument is that flour rates therefore cannot be put upon a differential basis over grain; what do you say about that?—A. I would say this, sir, that a miller doing a straight export business competing with the whole world, that every day at the close of the market he must figure his export price, and he can just as easily take into consideration a change in ocean rates.

Q. Is that an indication that so far as the millers are concerned, you prefer an open competitive market in rates?—A. Yes, sir.

Q. That is, you do not want any fixed rate at all?—A. No, sir.

Q. Would it be possible to furnish, for instance, distress cargo from flour?—A. Yes, sir, provided at least two or three days' notice was given.

Q. Two or three days' notice?—A. Yes.

Q. That is, after a steamer has come to her berth, if a rate was fixed or they were open to get cargo which they needed, you could provide it, the export mills?—A. There is in Montreal the capacity to produce better than 1,500 tons of flour per day, and if the interior mills thought there was any advantage in bringing flour forward to the seaboard, to have an opportunity of participating in distress tonnage that might be offering, flour would move. At the present time there is no advantage in moving flour to seaboard, because of any fluctuation in ocean rates.

Q. Then there is no advantage in the mill keeping flour at Montreal?—A. No, sir.

By Mr. Shaw:

Q. I did not quite hear what you said, Mr. Cornell. Did you say it did not pay to ship grain because of the fluctuation in price?—A. What I meant was this, that it would pay, and sometimes does pay, to bring flour forward to seaboard unsold as you quite often have an offer for immediate shipment, and a minor reduction in ocean rates would probably move that flour.

By Sir Eugene Fiset:

Q. The stability of prices is bad for the trade; you do not want a steady rate?—A. No, sir.

By Mr. Black:

Q. Could you not charter outside steamers?—A. It has been done.

Q. It could be continued, could it not?—A. That entirely depends upon what the buyer wants.

Q. You would be independent of the liners altogether, wouldn't you?—A. Yes, but we are up against this problem; previous to the war, in the United Kingdom they bought in fairly large quantities, now they are buying from hand to mouth, as they need it.

By Mr. Symington, K.C.:

Q. Addressing yourself to grain, Mr. Cornell, as I understand it, you say that if rates do fluctuate, that is, if they are open, it will be worth while for the millers to have it at seaboard for the purpose of taking advantage of any low fluctuating rate, if it comes along?—A. Yes, sir.

Q. Whereas with the rate, as you say, fixed, there is you say no advantage in that?—A. There is no advantage at all.

Q. If this situation as it exists to-day continues, with that difference in rates, what is going to be the effect upon the Canadian milling industry?—A. I would say in answer to that question, Mr. Symington, that it will have its effect in holding back the normal growth of the Canadian flour export trade, or the export trade which the Canadian millers feel they are legitimately entitled to.

Q. In connection with milling, is it an exceptional advantage in that industry to operate as near the maximum as possible?—A. Yes.

Q. Is the reduction in costs considerable?—A. I was going to say in that connection that before the Imperial Shipping Committee in London, previous to their coming to Canada, the statement was made by representatives from the National Association of British Millers, which we have proven, that there is no industry whose volume of output reacts so much in the cost of production.

Q. Can a mill shut down and lay off the men, the same as other industries?—A. No, sir.

Q. Why is that?—A. The common labour element in a mill is a relatively small item in the general overhead of the milling company; in other words, the majority of the men in a mill must be experts, trained to the mill they are in, and you have to keep them there.

Q. Whether you are operating to the full or whether you are operating at all?—A. Yes, sir.

Q. I have a note here that another objection to this difference in rates, or removing it is about the claims on flour as opposed to grain; what do you say about that?—A. We have no authentic information as to the total volume of claims for damaged grain as against flour.

Q. Have you endeavoured to get that?—A. Yes, sir.

Q. In what way?—A. Through the milling companies themselves. We found out that that was an insurance company matter, that it was handled entirely

from the other side; I mean by the other side the old country. We have made quite a few inquiries and requests for information, but have been unable to obtain anything that would be intelligent.

Q. Then may I take it, Mr. Cornell, that it is the view of the Canadian national millers that something must be done with respect to the difference in the rates on grain and flour or the industry is going to be seriously affected.—A. I am not speaking on behalf of the Association this morning, sir, but I would say that the opinion of the millers concurs with what you have said.

By Mr. Montgomery, K.C.:

Q. My friend took you over that old story about the discrimination between Canadian and U.S. ports first, did he not; that is now a matter of ancient history, fortunately, is it not?—A. Yes sir.

Q. Whatever the merits or demerits of the controversy were, it is a thing of the past.—A. That one particular instance, yes, sir.

By Mr. Shaw:

Q. It has been adjusted, has it?—A. It has been adjusted now.

By Mr. Montgomery, K.C.:

Q. Just to get our dates accurately,—and you said you spoke subject to correction as to dates—my information is that that five cents fixed as a differential, came into force in November, 1920 on the eve of the Presidential election. Does that recall the date to your mind?—A. It was somewhere around that date. I could not say definitely now, sir.

Q. You will probably recall that it was just on the eve of the Presidential elections in the United States.—A. I cannot connect the one with the other.

Q. Don't you remember that the suggestion was put forward repeatedly, so that it was really a bid for the vote of the Western millers at the time? You must have heard that?—A. Yes sir, I have heard that.

Q. And the Canadian mills said that that differential did not cover the difference in handling; the Canadian shipowners, I mean to say. You remember that was their claim—we won't examine the merits of it—but they made that claim.—A. Yes, I would say that is correct.

Q. And they could see no reason why they should be bound by what they believed to be a political move down there. That was their claim?—A. That was their claim, the disqualification, that we had that statement made after, in 1923.

Q. Now as time went on, and the political exigencies in the United States diminished, the observation of that fixed differential fell rather into disusage, did it not?—A. I would say it was a process of evolution, that it gradually passed out of existence.

Q. And that five cent differential, while it is still law in the sense that the ruling has never been repealed, is not in fact, in practice, observed in the United States to-day and has not been for some time past.—A. That I cannot say.

Q. Well, your latest information upon the thing was to that effect, was it not? We have it in evidence here to that effect.

The CHAIRMAN: The witness will give his own opinion on it.

The WITNESS: I cannot say definitely.

By Mr. Montgomery, K.C.:

Q. You have a pretty good idea, have you not?—A. My statement of a few moments ago, that the five cent differential, strictly speaking, with the old weekly adjustment as they used to do,—adjusting the flour rate periodically

on a basis with the heavy grain rate—I do not think is in existence at the present time.

Q. Although as a matter of fact the actual ruling, if you can call it that, was never removed from the regulations?—A. Not to my knowledge.

Q. It has simply fallen into disusage and the flour takes its rate and the grain its rate.—A. This five cent differential has been brought up, but I really do not know how far the controversy went in the past year.

Q. So that the question to some extent settled itself?—A. Yes.

Q. In any event, it is settled question so far as the Canadian miller is concerned at the present time, and has been since the beginning of 1924?—A. Yes sir.

Q. Well, we won't go over all the merits or demerits of that controversy. It has been buried. Now on the question of a fixed differential, which I think was the second point my friend took you over, the mill—basing your argument upon the reasons you stated—at one time wished flour to be carried on exactly the same basis as grain, did they not?—A. I think they feel that way yet, sir.

Q. And they really would not be satisfied unless flour was carried at exactly the same rate as grain?—A. I would qualify that by stating that all they want is a fair—we won't say differential, but difference.

Q. A fair difference?—A. Yes, sir.

Q. Inasmuch as you have mentioned the difference of five cents,—I think you mentioned that figure, did you not?—A. Yes.

Q. In fact that was the arbitrary differential that was put into force in the United States that we have spoken of?—A. Yes.

Q. Now would you agree with this statement that was made before the Agricultural Committee, I think by Mr. Watts. You know Mr. Watts?—A. Yes sir.

Q. What is his position?—A. Secretary of the Dominion Millers' Association.

Q. On page 272 he was asked a question, at the bottom of the page, before your Committee, Mr. Chairman; in fact it is your question, Mr. Chairman:—

> "I will ask you a question here. Is that difference of five cents enough to provide for the increase in cost of handling flour as opposed to wheat? Is it enough to provide for the increased cost of handling flour as opposed to wheat?—A. I take it, it costs the transportation company more to handle flour than it does to handle wheat.
>
> Q. Is that five cents sufficient to cover that difference?—A. No. If you ask me the question plump and plain, covering the handling and the space it occupies, No; but there is this difficulty, Mr. Chairman, that no commodity is carried on that basis that I know of."

Q. Would you agree with that, generally speaking?—A. I would say, No.

Q. You would also say No?—A. No, I say I cannot agree with the statement or reply made by Mr. Watts at that time.

Q. Then are we to take it that you have never been able to figure out exactly what the difference in cost was, as you stated to Mr. Symington?—A. No sir that is correct.

Q. That is correct, is it?—A. That is correct, but I qualify that by stating here that we have contended—the steamship interests have always contended, that there is no relationship between the wheat and flour raes. From the miller's point of view we contend that there is very serious competition.

Q. There are two sides?—A. Naturally. And we have placed ours in evidence before the Imperial Shipping Committee, and that we will accept a decision of any independent body as to what should be the difference between wheat and flour rates.

By Mr. Shaw:

Q. What do you think the difference should be?—A. We have been unable to find out or come down to anything. We are millers, and we are not steamship men.

Q. You disagree with Mr. Watts—A. I don't think Mr. Watts' statement has been based on any information that has been computed.

Q. The five cents may be too high or too low?—A. Yes sir.

By Sir Eugene Fiset:

Q. It is a guess?—A. Yes sir.

Mr. MONTGOMERY, K.C.: In the first place we have it in evidence on the question of stowage, that flour stows—or, to put it the other way around—grain stows in 48 cubic feet and flour in 60 cubic feet.

The CHAIRMAN: Is that a ton?

Mr. MONTGOMERY, K.C.: Weight for weight per ton.

The WITNESS: That is a statement by the steamship companies.

By Mr. Montgomery, K.C.:

Q. You are not prepared to controvert that? Either to affirm or contradict?—A. No. sir.

Q. That is a difference of 25 per cent in the space occupied in stowage?—A. Yes sir.

Q. Now you have told us that flour is principally carried on the liners?—A. Yes sir. I will qualify that by saying that full cargoes of flour are on straight charters.

Q. But generally speaking, and apart from the full cargoes on straight charter, flour is carried on the liners rather than on the straight cargo boats? Is not that correct?—A. Well, it has been recognized as a liner business.

Q. As a liner commodity?—A. I think so.

Q. The liner corresponds roughly to express service as compared with freight service.—A. I would say that the element of despatch has a certain bearing in the case.

Sir EUGENE FISET: You mean passenger liners?

Mr. MONTGOMERY, K.C.: Yes, I am glad of that correction, Sir Eugene, as there are cargo liners.

The WITNESS: No. I would not agree to passenger liners.

By Mr. Montgomery, K.C.:

Q. Then they tell me liner service includes cargo liners as well? So you do not get the transportation in quite the same way. They all want liner despatch?—A. Up to the present time, sir.

Q. Now you are aware, are you not, that as regards grain the liner gets no better rate than does the other cargo boat?—A. I don't know.

Q. I think we have that in evidence pretty well.

Mr. SYMINGTON K.C.: Do you mean that the liner gets no better rate than the cargo liner?

Mr. MONTGOMERY, K.C.: No, than the bulk cargo boat.

The WITNESS: I have not made any study of that.

Mr. SYMINGTON, K.C.: Why not call them tramps as opposed to liners?

The WITNESS: I have not made any study of the comparative heavy-grain rates obtained by cargo liners as against tramp boats. I am not prepared to answer that.

By Mr. Montgomery, K.C.:

Q. What you would like would be that the flour rate, with its despatch, should be limited by the rate at which the bulk cargo boat carries grain?—A. Would you repeat that question?

Q. We have it that the grain rate that the liner can get is at least limited by the rate that the bulk cargo boat will carry grain at?—A. You mean that there is competition between the tramp boat and the liner boats for heavy grain?

Q. Yes. The bulk cargo boat. The liner cannot get a greater rate for carrying grain than does the bulk cargo boat or tramp.—A. Well, I would say the element of competition enters into that, but I would not be prepared to agree with that statement.

Q. Then we will leave that to the other evidence on the record, but in any event you would wish the flour rate, which is a liner rate, to be brought down to the basis of the grain rate, whether fixed by the grain bulk cargo rate or not. —A. I think I have answered that question, sir, in this way, that the millers as a whole feel that in the general interest of the milling industry, and other allied interests in the country, in the Dominion of Canada, that flour should be carried on the same rate as grain, but we wish to be perfectly fair in the matter.

Q. The milling interest, a highly respected and much prized interest in this country, are not desirous that the shipping companies should carry flour, at a loss, are they?—A. No sir.

Q. Now I think you have told us that you have no information as to the percentage of claim loss on flour versus grain?—A. We have no information that could be used in an intelligent way as a comparison.

Q. You do know, do you not, that flour is a commodity which is very much more easily damaged than wheat? Subject to heat and that sort of thing?—A. We do not admit that claim.

Q. You do not admit it?—A. Not as millers.

Q. Could flour be stored anywhere with general cargo?—A. No sir. Neither can grain.

Q. We know how grain is stored and we need not go over that. But flour, in the assortment of general cargo, its space has to be very carefully selected in reference to other commodities has it not?—A. Flour has the element of absorbing paint.

Q. And moisture, which is suggested to me?—A. No more than any heavy grain.

Q. As affecting its value. Are you sure of that? My instructions are different.—A. I am not a chemist, but I would say, roughly speaking, that grain will absorb moisture just as quickly as flour will.

Q. Now, Mr. Cornell, are you sure of that, looking at it from the point of view of damage to the commodity?—A. Not from the point of view of damage.

Q. I am told that from that point of view—which is the only one we are interested in—flour cakes very badly if it is exposed to moisture, and that they have heavy claims from that cause.—A. I think you are leading me into territory where I am not competent to give definite answers.

Q. That is all right, if you tell us you do not know.—A. I would say, in comparison to that, that grain, if it absorbs too much moisture, will either go sour or go mouldy.

By the Chairman:

Q. In other words, your view is that the risk in the handling of one is more or less offset by the risk in the handling of the other?—A. Yes sir.

Mr. MONTGOMERY, K.C.: Mr. Chairman, he has not said that; he said he was not competent to pass upon that question. I think that leads him much further than what he said.

Mr. SYMINGTON, K.C.: He said, "Damage"; the Chairman is talking about risk.

Mr. MONTGOMERY, K.C.: I take it when my learned friend speaks about risk, or the witness speaks about risk, risk and damage are one and the same thing.

The CHAIRMAN: It is risk of damage.

Mr. MONTGOMERY, K.C.: My instructions are strongly that flour carries a very much heavier damage rate than grain, and I do not think the witness ever intended to put them on a parity.

The CHAIRMAN: I think I put it "more or less."

Mr. MONTGOMERY, K.C.: But "more or less" is nearly a parity, and I cannot allow any such suggestion as that to rest.

The CHAIRMAN: If I have improperly interpreted the witness's evidence, Mr. Montgomery, question him again.

Mr. MONTGOMERY, K.C.: Very well, sir, we will try to straighten it out.

By Mr. Montgomery, K.C.:

Q. I am told that the lines have constant claims for caked flour, and you do know, do you not, how easily flour cakes if it is exposed to moisture?—A. Yes. We are getting into a technical phase of it now.

By the Chairman:

Q. Just give us your best opinion.—A. Flour will cake to a certain degree, even if the whole bag is submerged in water.

By Mr. Montgomery, K.C.:

Q. I suppose anything will be damaged if we sink the ship, but I do not think we are talking about submerging a bag in water?—A. What I am trying to convey is this, that flour will cake to a certain extent, and then penetration of water will cease.

Mr. DUFF: That is quite right; I have seen it taken out of ships.

By Mr. Shaw:

Q. Do I understand from you that both these commodities—

By Mr. Montgomery, K.C.:

Q. You get a sort of a cement protection; your flour cakes into a paste on the outside?—A. That would be a description of it. I am speaking now from personal inspection of some flour that was sunk on a boat in the St. Lawrence. The boat went down, and Mr. Charlton of the Board of Marine Underwriters showed me samples of the flour, where it was caked in so far and the centre of the bag was perfectly good.

The CHAIRMAN: When the witness says "caked in so far," he indicates about what, three inches?

The WITNESS: No, not that far.

By Mr. Montgomery, K.C.:

Q. And then you get a sort of paste?—A. No sir, the flour in the centre of the bag was in perfect shape.

Q. You get a paste which is apparently impenetrable by water?—A. I do not know all the details of how long that bag had been submerged.

Q. We should not bother about that, because that flour, from a shipowner's point of view, would be subject to a claim, would it not?—A. (not audible).

Q. And it would not be accepted by the merchant to whom it had been sold?—A. No.

Q. And the salvage would be very expensive, would it not?—A. Yes sir, depending on the ship.

Q. Even more so than grain, which can be dried, even under these extreme conditions?—A. Flour can be reconditioned.

Q. Do you mean to tell me—I do not want to waste too much time on this—but do you know the difference in reconditioning flour as against the drying of grain?—A. No sir.

By Mr. Duff:

Q. Water would swell the grain, and it would not be any good.—A. It has that effect.

By Mr. Shaw:

Q. I suppose flour is susceptible to taint, is it?—A. Yes sir, if there are apples or cheese near it.

Q. What about grain?—A. I am not as conversant with grain, sir; I do not know just how far grain can be tainted.

By Hon. Mr. Stevens:

Q. Mr. Cornell, in the handling of grain and the handling of flour, which is most susceptible to damage?—A. I would say that flour needs better treatment than grain.

By Mr. Montgomery, K.C.:

Q. I am told that flour cannot be stowed on corn, for example.—A. That I have no knowledge of.

Q. We have in evidence here a letter which was put in and which appears on page 126 of the record, issued by F. H. Price, the export agent, Millers' National Federation. You possibly know who he is?—A. Yes.

Q. In which he addresses Furness Withy and other lines, drawing attention to the fact of flour having been store in the same compartment with apples and corn and so on, and taints having arisen from other commodities likely to give off an odor easily absorbed by an article such as flour. That is so, is it not?

Mr. SYMINGTON, K.C.: "Apples, corn and oil." Do not omit the oil, which was in the same compartment.

Mr. MONTGOMERY, K.C.: I will read the whole letter if you like.

Mr. SYMINGTON, K.C.: The letter did not indicate what the taint was from, apples, corn, or oil.

The CHAIRMAN: We have this evidence before us. After all, whether Mr. Cornell agrees with it or not, does it matter?

Mr. MONTGOMERY, K.C.: The concluding paragraph of the letter is as follows:

> "It is necessary for me to intimate at this point that damage arising from taints or contacts of the character described in this circular will make it necessary for us to present claims for such loss and damage for adjustment."

By Mr. Montgomery, K.C.:

Q. In any event, you are familiar with its liability to taint?—A. As I have already stated, flour is subject to taint.

Q. Now, you were speaking of the capacity of the milling companies. As a matter of fact, does any industry of that kind hope to operate at 100 per cent capacity?—A. They hope to do so, but I do not think they ever get there.

Q. I am not speaking now solely of milling companies; I do not know how far your general industrial knowledge goes, but there are very few industries which expect to operate at 100 per cent capacity throughout the year?—A. No sir.

Q. And I suppose, if you talked to the manager of almost any industry, he would tell you his help was all trained and accustomed to working in that kind of industry? We have always heard that.—A. Yes and no. I would say the milling industry stands out peculiar to itself.

Q. Do you not think the paper men would say the same thing? Do you not think a man running a paper mill, for instance, would say the same thing? —A. No sir.

By Mr. Montgomery, K.C.:

Q. As a matter of fact, in view of the success of certain of the flour companies, without enumerating any of them, there was for a time a little overbuilding in mills, was there not?—A. During the war period, yes, there was excess capacity in the country, and after the war.

Q. And that is still there?—A. But not used.

By the Chairman:

Q. What was that?—A. But not in use.

By Mr. Montgomery, K.C.:

Q. But assume it is available for use, possibly?—A. I doubt it very much. I am speaking of one mill which I have in mind, and I doubt very much if it could be put in use to-day without considerable expense.

Q. We do not want to get into a controversy with our good friends the millers, but the financial returns which I have for the last year would not serve to indicate that we had killed their export business. I have a paragraph here from the Financial Times of October 17, 1924, which bears the heading, "Five Milling Companies earn 14.7 per cent on common stock." That would not serve to indicate that the shipping companies had put them out of business, would it?—A. I do not think they make the claim that the shipping companies are putting them out of business.

Q. It has been suggested that the flour is sold cheaper to the export market than it is to the domestic market?—A. I think we have answered that statement on several occasions, sir. There are two entirely different markets, and to my own personal knowledge I know where the millers have received a much higher return from the export market than from the domestic market, and vice versa.

Q. I am quite willing to agree with you in that; there are two different markets, and assuming, whether it is true or not, that flour had been sold at a lower price to the export market than to the domestic market, would it necessarily mean there was not anything unfair in that?—A. Unfair in what way?

Q. In selling to the export market lower than to the domestic market? —No sir, because at times we must sell to maintain our connections.

By Mr. Shaw:

Q. Must you sell at a low rate?—A. That is a hard question to answer. I mean, the general executive of a milling company sits down and figures the price, whether he is going to lose more money by selling his output at that price, or shutting down the mill. He has that problem.

Q. It may be hard to answer, but I think it should be explained.—A. I say in all fairness to the Canadian miller that he is not selilng his flour for export one cent cheaper—net return to him—than to the Canadian market.

By Hon. Mr. Stevens:

Q. In other words, it costs a lot more to distribute say twenty carloads in twenty different places than to ship twenty carloads in one lot to the export market?—A. Yes, sir, there is a difference, a great difference, in packing, a difference in freight and everything else.

Q. And the keeping of accounts and so on?—A. Yes, sir.

By Mr. Montgomery, K.C.:

Q. In fact, it might even be to the advantage of the domestic consumer if the miller should be selling abroad and keeping the general cost down?—A. I would say that under present milling conditions, with the money invested in the Canadian milling industry to-day, the Canadian export flour business is absolutely essential to keep the price of flour on the domestic market at a minimum.

Q. Even though at times the export price had to be made lower than the domestic price?—A. In certain markets. I know of cases where flour has been sold on the domestic market to maintain connections, and with the competition between millers it is impossible to hold the price up in the Canadian market, or you would have them all domestic millers.

Q. I am told the millers enjoy at least one piece of great fortune, in that the flour rate is the same as it was in 1913, or a trifle lower if anything?

Q. My information is that it was 19 cents in 1913, and it is 18 cents to-day. —A. I would imagine that would be correct.

The CHAIRMAN: 19 cents in 1913 and 18 cents to-day?

Mr. MONTGOMERY, K.C.: Yes.

By Mr. Montgomery, K.C.:

Q. And have you any idea of the respective prices of the product in 1913 as compared with to-day's?—A. Well, flour prices are entirely governed by the wheat market. We have had prices here within the last two years that were lower.

Q. I quite understand you can give us a general answer, but it will assist us in comparisons if you can give it more specifically. In 1913, for instance, what was the common average price of flour?—A. I cannot say, sir. I know the prices of wheat better.

Mr. SHAW: I have it here. Canadian flour per barrel for the month of April, 1913, $5.10; Winnipeg, $5.90, for the same month; Montreal, $5.20; London, England, $5.04.

Mr. MONTGOMERY, K.C.: Have you it for 1925, 1924 or 1923?

Mr. SHAW: No, just 1914.

The CHAIRMAN: From where do you take these figures?

Mr. SHAW: The *Canadian Liberal Monthly.*

By Mr. Montgomery, K.C.:

Q. Now, we will come down to more modern times, and you can probably give us the information off-hand. What was the average market price in 1924 —or the range of prices?—A. I am aware of 18 different grades of flour.

Q. But you can give us the range on flour?

By the Chairman:

Q. What would you say would be the price at which the bakers—take a half-dozen of the largest bakers in Montreal—would buy flour in Montreal to-day?—A. I have not the slightest conception.

By Mr. Montgomery, K.C.:

Q. Oh, Mr. Cornell, you have been in intimate touch with this thing; you were the secretary of this association, and you can surely give us an idea.—A. I cannot, sir. I have no idea at what the bakers buy their flour. That is public information, if you want the list price of flour, but I have no knowledge.

The CHAIRMAN: Perhaps I framed my question unfortunately.

By the Chairman:

Q. What is the list price of flour?

Mr. MONTGOMERY, K.C.: My information is that English price of flour is about $10 per barrel.

The WITNESS: I have no knowledge of the English market for the last three months.

By Hon. Mr. Stevens:

Q. Give it to us for three months ago?—A. $10 what? A barrel?

By Mr. Montgomery, K.C.:

Q. I am told that?—A. The barrel is not known in the Old Country. It is 280 pounds.

Q. But on the same basis that there are so many bags to the barrel, you can get a fixed ratio?—A. It is a fixed ratio of 280 against 196.

By the Chairman:

Q. Is the price higher than it was a year ago?—A. It is higher.

Q. About how much; twice as high, or half as high? We want a rough figure, but approximately correct.—A. I would say half as high again, or probably more.

Hon. Mr. STEVENS: Here are the figures: "Local flour market; the volume of business for export showed no improvement; first patents quoted at $10; seconds at $9.50." This is from the Montreal Gazette, Monday, May 18th, 1925.

Hon. Mr. SINCLAIR: What market?

Hon. Mr. STEVENS: The Montreal market.

By Mr. Montgomery, K.C.:

Q. Mr. Cornell, there is just one suggestion I would like to discuss with you, and that is the possibility of putting flour on a distress-rate basis, the same as grain. Do you really consider that either a practical or an advisable proposition?—A. Yes, sir.

Q. In the ordinary course of things would that not mean that the seaboard miller would have a tremendous advantage over the inland miller?—A. No, sir.

Q. It is one thing or the other; it would mean that the inland miller in order to compete at all would have to erect warehouses, and keep his stuff in Montreal, waiting for distress rates?—A. If he could get advantage of distress rates, he would do so.

Q. And your suggestion is he should have an open rate, and wait for the opportunities for distress tonnage, and erect warehouses in Montreal, St. John, Halifax, and other points, to keep that cargo available, at a day's notice, for a distress boat?—A. There are warehouses there now.

Q. Well, assuming there are warehouses there now, you think he should keep his stuff in warehouses in Montreal, Halifax or St. John, waiting for distress tonnage?—A. No, sir. There is a certain percentage of standard brands of flour which are moving all the time, and, as exporting millers, and with the advantage of being able to take up some of this distress tonnage on short notice, we believe—and I am speaking individually now from my experience with the millers—we believe we would move considerably more flour. As a matter of fact, 3d a sack is enough to either hold that flour or to move it.

Q. You are talking now about spot flour?—A. Spot shipments.

Q. As far as possible, the flour is sold, more or less, on a contract basis, is it not? They try to avoid spot business, as far as possible, do they not? —A. You can sometimes get a premium for spot shipments.

Q. Every well regulated mill, whether flour or any other kind, does not like to depend on a spot market?—A. No, they book ahead, as far as they can.

Q. If they want to book ahead, as far as possible, is it not necessary for them to know what the freight rate is going to be?—A. Yes.

Q. That freight rate, they would have to know, would have to be distress tonnage or a spot freight rate?—A. There is nothing to stop spot shipments going at distress freight rates.

Q. If the miller found a distress rate, which he found was cheaper than he figured in his contract, he would get that much more profit?—A. No, sir.

Q. Assuming your miller sold on the delivered price to the other side but before quoting his price he had an export rate, which he has figured in to his price, your suggestion is that he would bring that flour down and keep it in the warehouse in the seaboard and wait for distress tonnage, if he could get it? —A. That is not my suggestion. With the small margin of profit, on which the mills actually sell flour, they must have a firm rate to work on.

Q. It is necessary that the miller should know what his freight rate is going to be, in order to successfully carry on his business?—A. Well, no more than the grain men. I mean, I can come in to you and book freight for the second half of July, to-day, and sell my flour on that rate.

Q. The great bulk of the export flour business is done on contracts, which are fixed well in advance?—A. Not necessarily. That depends on the seasons. This year it has been a prompt shipment year. There is a certain amount going forward on contract.

Q. You spoke of flour having fallen off; that does not have to necessarily depend on the crop?—A. Yes and no.

Q. In this case has it not gone in relation to crop?—A. No, sir. I think you will find that the history of Canadian flour exports is a direct contradiction.

Q. Take the last year—take the very year you have been speaking of, where you say the flour export business has fallen off about ten per cent; can you compare that at all with the crop?—A. The flour business is a regular business. Your brands are established and you are dealing direct with the consumer.

Q. There was a considerably smaller crop, as a matter of fact?—A. Yes.

Mr. SYMINGTON, K.C.: But still a larger exportable surplus.

Mr. MONTGOMERY, K.C.: But still a larger exportable surplus?

Mr. SYMINGTON, K.C.: Than flour exports.

Mr. FLINTOFT: A larger exportable surplus of wheat than flour.

The CHAIRMAN: You mean, Mr. Symington, that the diminution in the export would be reflected in the diminution of the exports of grain, not in the manufactured flour?

Mr. SYMINGTON, K.C.: Certainly.

Hon. Mr. STEVENS: Is that evidence? Is that a fact or just an opinion?

The CHAIRMAN: That is an opinion I hazarded taking it from what the witness said.

By Mr. Symington, K.C.:

Q. You have no particular quarrel with the established steamship companies? —A. No, sir.

Q. They have given you good service in the past?—A. Yes.

By Mr. Symington, K.C.:

Q. Mr. Cornell, to clean up some of my learned friend's questions, what I understand the millers want, first is an open rate?—A. Yes.

Q. But apart from what are known as contract shipments they could go to-day to any line and say "quote me for delivery next June or next July"? —A. Yes.

Q. And they would prefer to do it on the competitive basis rather than giving one fixed rate?—A. Yes.

Q. The second point is that, in addition to that the millers should be entitled to a distress rate for spot shipments when distress cargo is desired, and that all the distress cargo should not be given to grain?—A. Yes.

Q. Those, basically, are the two claims of the millers?—A. Yes.

Q. An open rate for contract and a spot rate for grain for distress cargo? —A. Yes.

Q. My learned friend held up a somewhat misleading statement with respect to the earnings of flour mills. If you will look at the figures there you will find—I do not want to mention names—that the first two earn very large sums of money, and the other two small sums of money, one of them very small?—A. Yes.

Q. From your knowledge, were those earnings in the first two made out of the manufacture and sale of flour?—A. I will say frankly, for the first two, no. There are a great many other earnings and subsidiaries or ramifications of the company that are earning money.

Q. One of those companies has lately divided its earnings into three for one?—A. Yes.

Mr. SYMINGTON, K.C.: There is 14.7 percent profit on the common stock of the company.

By Mr. Symington, K.C.:

Q. With respect to the price of flour, Mr. Cornell, the price of flour varies directly or almost directly, with the price of wheat?—A. Yes.

Q. If flour was higher in 1924, or 1925, than in 1913, or 1914, it depended on the price of wheat?—A. It depended on the price of wheat, modified by competitive conditions.

Q. With respect to the comparisons of flour, for instance, the figures put in from the Gazette's first and second patent, these are the flours that were exported and not the big volume of export business. The big volume of the business is what is known as export patents?—A. Yes.

Q. What do we export?—A. What is commonly known as Manitoba, spring wheat, export patent.

By the Chairman:

Q. How does it run in price, as compared to the flours selling for $10.30 and $9.30 a barrel? Is there a second patent?—A. It is on a straight patent basis.

Q. How does it run in to-day's market? It is a lower quality of flour, is it?—A. Yes.

Q. How does it compare in price?

Mr. MONTGOMERY, K.C.: It may save some time to say simply that freight is a lower percentage to the selling price in England. It was a committee question. Everbody knows it costs more for flour than it did in 1913, but my point is that freight bears a lower percentage to the selling price in 1913.

By the Chairman:

Q. Will you tell me, if you can?—A. I am afraid I cannot. The export patent is exported by the different mills; it is a different kind of flour; it is a different price.

By Mr. Kennedy (Glengarry):

Q. I would like to ask about the by-products of the Canadian mills.—A. During certain periods there is quite a volume of feed moving. I think, for the first time, in quite a number of years, there was a considerable quantity of feed shipped to the United Kingdom.

Q. At what ocean rates?—A. I am not speaking with absolute accuracy, but I think 40 cents a hundred pounds.

Q. For bran and shorts there was no difference?—A. I really do not know whether it was bran and shorts or middlings that moved. I cannot vouch for the information being accurate.

Q. But there isn't any considerable quantity being exported?—A. No, sir, not to my knowledge.

Q. Is any large quantity exported to the United States?—A. Yes, sir.

The CHAIRMAN: Well, gentlemen, are there any more questions to be asked of Mr. Cornell?

Mr. SHAW: I would like to ask one question, if I may, Mr. Chairman.

The CHAIRMAN: All right, Mr. Shaw.

By Mr. Shaw:

Q. What is the character of the flour exported, as compared with the flour consumed in Canada?—A. That depends upon the markets. The big volume of Canadian flour export is an Export Patent.

Q. Is that an inferior grade?—A. Yes, sir, and there are no two mills in Canada manufacturing it in the same way.

Q. What I understand from you then is that the British market is satisfied with a lower grade of flour than Canada?—A. They do not use entirely Canadian flour in the bake shops; they need a percentage of it for blending purposes.

By the Chairman:

Q. When you say "inferior" it does not mean less nutritious, does it?—A. No, sir, but from a baking point of view.

By Mr. Symington, K.C.:

Q. As I understand it, Mr. Cornell, certain flours are required to give weight and textures, depending upon the country; for instance, Ireland is different from Scotland?—A. Yes.

Q. And different from England?—A. Yes, sir.

Q. If you were shipping to the Continent, or to Greece for example, it would be a much lower grade, a darker flour, and the West Indies take dark flour, or a lower class of flour?—A. Yes.

Q. In the manufacture of flour, the Patent comes off first, then your Domestic, and so on down the line, and the operation of the mill—you may correct me if I am wrong—is that you have to have the trade in all varieties in order to get the maximum out of your wheat?—A. Yes.

Q. In tailing off the different grades?—A. Yes.

The CHAIRMAN: If that is all, I am going to thank Mr. Cornell very sincerely for the valuable information he has given to us, and discharge him.

The witness retired.

THOMAS HUGH THOMPSON, Re-called.

By the Chairman:

Q. Are you a Scot, Mr. Thompson?—A. No, sir.

Q. North of England?—A. North of England.

By Mr. Symington, K.C.:

Q. Mr. Thompson, the auditor submitted to you certain questions. Have you answered them in writing?—A. I have made notes.

Q. You have not got any written answers?—A. No.

Q. Well, the first question asked you was if you would produce a statement showing the gross income per voyage from freight or other receipts separately?—A. I have already done that in the figures which were given to Mr. Gordon Scott.

Q. Do I understand that in the figures you have given Mr. Scott the statement shows the earnings, with no deduction whatsoever?—A. The statement shows all the earnings and all the deductions.

Q. Let us take the earnings for the moment, and you will get my point, or the auditor's point. Take the earnings in your statement, are they shown without any deductions whatsoever, that is, for commission, brokerage, or anything at all?—A. No commission, no brokerage, the freight is shown in the statement which I gave Mr. Scott; there were shown ocean freights port to port; in some cases where we book cargo on a through bill of lading we got the rate from Newcastle say to Winnipeg. From the total freight collected we would deduct the rail freight, the forwarding freight. That forwarding freight is not shown in the figures Mr. Scott has sent me.

Q. The ocean part is different?—A. That is different.

Q. You have given him the actual ocean earnings, without any deductions from these earnings whatsoever?—A. That is right.

Q. Then you were asked if you could also show the expenses separated, setting forth the total of the disbursements before apportioning any expenses? —A. I think the expenses are classified under about 15 heads, 12 or 15 different heads, in the statement Mr. Scott had.

Q. He gave it back to you?—A. He kept a copy, though.

Q. This is your book?—A. That is our book. (Book produced by witness).

Q. All we want to know, Mr. Thompson, from the statement and the headings you give, are there any expenses under those headings that are apportioned expenses rather than actual disbursements for the actual service?—A. There might be three.

Q. What are they, where would they be, under what headings?—A. There would be a portion to Management Salary, there would be a portion of the advertising for the year, and an estimate of about forty pounds a voyage for anticipated supplementary charges coming in after the voyages were closed.

Q. In your books?—A. At the end of each year.

Q. Just at that point, what heading would they be under here?—A. Sundries and Management.

Q. Sundries and Management are included in those three items you have given us?—A. Yes. I ought to explain that at the end of each financial year an adjustment is made between the estimated amounts charged to the voyage and the actual payment in the year, and in the financial accounts for that year that adjustment is given effect to.

Q. But is it given effect to, so that we may understand it; is it given effect to in your Profit and Loss account and not to your voyage account?—A. Yes, in the Profit and Loss account.

Q. So that in making up your voyage accounts, in those particular items, you charge a certain apportioned amount to each voyage, and the actual expenditure, being less than the apportioned amount, you put it in your profit and loss account and do not credit it to the voyage.—A. It appears in the statement Mr. Scott has got in one form or another. It appears in our balance sheet.

Q. It appears in your balance sheet but in order to make your voyage account tally with your balance sheet, you have to reverse in your balance sheet an entry made in your voyage sheet, which in fact was not consumed as a charge.—A. That is right. That does not apply to management salary, because that is a fixed thing every year and we can apportion that exactly to the voyage.

Q. The management salary is apportioned to the voyage?—A. Yes.

By Sir Eugene Fiset:

Q. Are those sundry expenses the same for every ship?—A. Oh no; they vary. The cables for instance for a voyage. The wireless expenditures.

By Mr. Symington, K.C.:

Q. Did you say that you could give the auditor the amount of these estimated expenses? Management, overhead?—A. Yes, I think so.

Q. Will you kindly give them to him then?—A. Yes, I will let him have them.

Q. You will make a note of it then, will you please, with respect to all the items in question 1.—A. Yes.

Q. Then the next question was: could you submit a statement showing the tonnage carried per ship, per voyage, both in tons and cubic measure?—A. Yes. There is part of this question asks for expenses; question 1; of expenses actually controllable by the master of the ship.

Q. I understand that the language of that has been criticized by Mr. Middleton, and may be criticized by you. I do not care. What I want to get is just what I have asked for. We want a statement of the actual disbursements of the ship without apportioned expenses; and we want a statement of the apportioned expenses. That is clear, is it?—A. Yes.

Q. And you say you can give him that?—A. Yes.

Q. Going to question 2, then—Submit a statement showing the tonnage carried per ship, per voyage, tons and cubic measurement.—A. I cannot tell you the cubic measurement. I can give the weight on any of the voyages in question; the weight of the cargo. For 1924, any individual voyage.

Q. You will let Mr. Scott have the tons, will you please, if you cannot give him the measurement?

Mr. MONTGOMERY, K.C.: You do not want a permanent record made of those? The tonnage is what they get in the different ports, and the commodity, and shows how they fill their ships.

Mr. SYMINGTON, K.C.: What Mr. Scott informed me was a comparison of how they fill their lines. In any event, you will furnish it?—A. I have got

the tons, and I will furnish them for any individual voyage he likes, but I would much prefer not to leave these confidential records of my company in any other hands; the total cargo carried.

Mr. SYMINGTON, K.C.: You are only leaving them with the auditor at the moment.

Mr. MONTGOMERY, K.C.: If Mr. Scott wants anything for statistical purposes he can look at them.

The WITNESS: Anything he wants to know about these individual voyages, I will tell him; and any member of the Committee who wishes to see any of these, I am at their disposal.

Mr. SYMINGTON, K.C.: This is wasting time. You will furnish Mr. Scott, take them with you if you like to Mr. Scott, with these records, so that he can look them over and get information. That is understood is it?

Mr. MONTGOMERY, K.C.: What the witness was saying to me this morning was that he did not want to leave the records of all their tonnage, as applying to each place, what they get in each port, because that is their stock-in-trade, out of which they make their money; showing how they get it and how they load. But he will give Mr. Scott the statistical information he wants. If you want a typical voyage for any purpose he can look it over and select one.

The CHAIRMAN: Will that be satisfactory to the auditor?

Mr. SYMINGTON, K.C.: What the auditor tells me about that is, that unless he can get this information from each of the lines, for the purpose of comparison, that it won't really be very much use.

The CHAIRMAN: Mr. Montgomery, that was the object in having Mr. Scott,—whom we all have confidence in—appointed. It seems to me that if Mr. Scott gives the assurance that the papers will be handed back without being disclosed to anyone else, that should be satsifactory.

Mr. MONTGOMERY, K.C.: They can no doubt work that out together.

The CHAIRMAN: We do not want to have any possible misunderstanding about it; I hope it can be done by agreement. I would like the witness to undertake now to give these figures to Mr. Scott, so that Mr. Scott may make the comparison; it being thoroughly understood that Mr. Scott shows this to no one else and hands back the papers to Mr. Thompson when he is through with them. I presume that Mr. Thompson could be with Mr. Scott while part of this work was being done?

Mr. SYMINGTON, K.C.: Oh yes.

The WITNESS: I will be very glad to, and to explain anything to him that I can.

Mr. SYMINGTON, K.C.: Then that will be done right away, we understand?

The CHAIRMAN: Yes.

By Mr. Symington, K.C.:

Q. Then your third question: submit a statement showing the written down value of the steamers as shown by the books of the Cairn Line Steamships, Ltd., for the years 1923-24.—A. We do not have any separate written down value for each individual ship. We have a depreciation account which is held as a reserve against the whole fleet.

Q. Do your whole fleet run in the Canadian trade?—A. I had better explain. We have eight steamers. For four years past including 1924, out of 200 voyages, only five were outside of the Canadian trade. Five voyages out of very nearly 200. It might be as well if you understood that, because we are absolutely in the Canadian trade up to our necks, with this particular line.

Q. I thought you had been altogether. But there were five voyages outside of Canada?—A. Yes.

Q. Then you say that you carry your steamers at their original cost?—A. Their original cost, less the depreciation which has been written off.

Q. That is just the point. Do you carry them at the original cost and carry a depreciation fund, or do you carry them at a depreciated amount?—A. We carry them at the aggregate written down value, if you understand me? It is quite clear in the balance sheet of the company. Our balance sheet says: the cost of steamers, stevedoring gear, wharf property, etc., less depreciation—is a certain amount.

Q. May I see that a minute then?—A. The first item on the right hand side.

By Mr. Montgomery, K.C.:

Q. While my friend is looking at that. You have just told us you are in the Canadian trade. How long has your firm been in the Canadian trade?—A The Cairn Line, or what we call now the Cairn-Thompson Line in trade circles, is the successor of the Thomson Line of Dundeee, dating back to the first half of the nineteenth century.

Q. So that you have been serving the Canadian trade for over 70 years?—A. Yes, sir. At one time the vessels of the fleet, were known as the Thomson Clippers of the Fifties.

Q. I understand yours and the Donaldson Line are the only lines, practically, in existence in this trade, of the old original lines?—A. I am not sure of that myself, but that might be so.

By Mr. Symington, K.C.:

Q. Mr. Thompson, the auditor tells me I cannot discuss this without perhaps disclosing a breach of figures which he has got from the information supplied him. Would you kindly see him and explain to him about that depreciation, make it clear to him what the depreciation on these ships is.—A. I do not mind disclosing this, for one thing,—my company does not feel they have anything to apologise for, and there is this fact, that we have put £1,500,000 sterling into the cost of the ships we are employing in the Canadian trade.

Q. That, then, balances with your sheet, your depreciation reserve of £300,000?—A. Yes, sir, and this year we are spending roughly about £100,000, at the present moment, in putting extensive refrigeration into the steamers, in order to endeavour to develop the trade, so that next year this figure will be higher.

Q. That is, your capital cost will be higher?—A. Yes.

Q. That depreciation fund, I presume, is carried in investment, is it?

The CHAIRMAN: What was that last question?

By Mr. Symington, K.C.:

Q. The depreciation fund you carry in your balance sheet is carried in investment?—A. It is really on the other side of the balance sheet.

Q. Yes, I know that.—A. I cannot say any investment specifically applies to any item on the liability side of the balance sheet.

Q. What I am getting at, Mr. Thompson, is whether the earnings from that £300,000 depreciation fund are credited to the earnings of the steamers?—A. Well, perhaps I ought to explain that the steamers have not provided that depreciation fund, not all that depreciation fund, in the last four years.

Q. I accept your statement, of course. How long has the Cairn line been in existence?—A. The Cairn line was incorporated in 1892, I think.

Q. And does the balance sheet represent the results of the Canadian trade?—A. No. Before the war they had 20 odd steamers, 20 or 25 steamers, 11 of which were trading all over the world, tramping.

Q. Eleven tramping?—A. Yes. During the war some of those were either sold or lost, the whole of them in fact, and the whole of the proceeds excepting our present investments, were put into the Canadian trade. That depreciation account goes back to older days.

Q. Then you will explain your depreciation additions in recent years to the auditor?

By Sir Eugène Fiset:

Q. Is that depreciation fund the same thing as the reserve fund mentioned by Mr. Middleton?—A. We have three reserve funds; we have this depreciation account, in the first place, which is applied specifically to the capital of the steamers themselves. Then we have a contingency account for any purpose which may arise, and then we have a reserve account which, on our published balance sheet, is a clear £100,000.

The CHAIRMAN: Gentlemen, it is now one o'clock; the witness cannot be finished with immediately, so I propose that we adjourn now until 3.30 this afternoon.

The witness retired.

The committee adjourned.

COMMITTEE ROOM, 276,
HOUSE OF COMMONS,
WEDNESDAY, May 20, 1925.

The Committee resumed at 3.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have a quorum and the Committee will please come to order.

THOMAS HUGH THOMPSON recalled.

By Mr. Symington, K.C.:

Q. We had dealt, I think, Mr. Thompson, with the third question?—A. Yes.

Q. Now, the fourth question: "How are profits on exchange handled"—or "Losses," if you like?—A. They are all dealt with in the voyage accounts or the terminal charges, in the same way as losses are exchanged.

Q. Are they reflected in the voyage account or the profit and loss account?—A. Either in the voyage accounts or the terminal charges account.

Q. Well, which?—A. Both.

Q. What I want to get at is whether or not your voyage account covers that item?—A. Oh, yes; the profit and loss account which you have, covers it.

Q. How can it be in both?—A. Because differences in exchange arise on different items of expenditure, and we pass into the voyage account the transactions of the voyage at the rate at which the remittance of the voyage is received. Some times, in calculation, there may be slight differences in balancing. It is purely a book-keeping matter, and the whole thing itself is either in the voyage account, if it is a voyage item, or the terminal charges account, if it is a matter such as shed rental, and that sort of thing.

Q. Then, the fifth question: "Statement is required showing the present replacement value of all boats shown in connection with the Cairns Line or Steamships Limited"?—A. I can give that.

Q. Will you give that to Mr. Scott?—A. Yes.

Q. Then the next question: "While we have had submitted to us a printed balance sheet, we will require details supporting the various items shown thereon for the years 1922, 1923 and 1924"?—A. Well, sir, each year's balance sheet involves several hundred separate accounts, and a schedule grouping these accounts is all available, audited by Price, Waterhouse & Company, Newcastle, on behalf of the shareholders of the Company. I will read you their certificate on the balance sheet, if you wish.

Q. That is all right: we know it is there.—A. As I say—

Q. I take it your answer is you have not got the material here?—A. Never dreamt of bringing it.

Hon. Mr. STEVENS: Before we leave that, Mr. Chairman, I want to bring up a matter which I have referred to a half-a-dozen times, and the reason I have referred to it is that we do not later on want these answers of Mr. Thompson to be advanced as the reason for not having information. My contention is that—and I have some qualifications to speak on these questions of balance sheets and accounts—it is useless for us to ask for the details which lie behind these various items and statements. Our position should be to establish whether or not these statements are true, and statements which should be accepted. If we get that point settled, we will get away from 90 per cent of this arguing about these statements, which is constantly recurring. I have stated this before, and I really think we ought to come to some decision. Are we going to accept a properly audited statement of Price, Waterhouse & Company as a truthful presentation of the case, or are we not? If we reject that, there is nothing else for us to do but to make an audit ourselves, which I consider to be a hopeless and useless expenditure of time and money. I think we, as a Committee, ought to determine whether or not we are going to accept a certified statement of responsible people.

The CHAIRMAN: Mr. Stevens, it strikes me that this examination is useful in order to establish just how far apart, if apart at all, the auditors for the steamship companies, and the auditor for the Committee are. Some figures, I assume, will be accepted; the arrangement of other figures may be open to question.

Hon. Mr. STEVENS: I may be wholly wrong, but I venture the prediction that later on we will be faced with this statement in argument; "Oh, well, you cannot accept these figures because we did not have them verified; such-and-such a witness stated, in supporting an account or statement, that the figures are in England, and we cannot verify them". I submit that we ought to accept a statement, if properly audited, and certified by a proper accountant or a responsible firm of accountants.

Mr. SYMINGTON, K.C.: That really gets down pretty much to the question of whether you will accept the whole thing, and if so, you do not need an audit. For instance, the auditor explains to me that Price Waterhouse & Company or any other auditor auditing the accounts of, say, the Cairns Line, seeing a contract passed by Cairns-Noble Limited—I cite this only as an example; it may not exist—which gives Cairns-Noble certain remuneration, would enter that, and O.K. it, and certify it, because it was passed by the Company. It might, in fact, be a distribution of profit. That is the sort of information that the auditor, as I understand it, is trying to get, and this question, as I understand it, is specifically for the purpose of tracing throughout the progress of the Reserve Fund, the depreciation, and so on, etc., plus the unapportioned charges. I know nothing more about it. I am only giving you the view, and an instance, to show why this question was asked.

The WITNESS: The question asks for details supporting the various items in the balance sheet. The balance sheet is the upper portion of this (indicating)

and has several heading, i.e., "Debtors," "Average Accounts," "Voyage Accounts Outstanding," "Unexpired Insurance," "Creditors," etc. There are lists of hundreds of names.

Mr. SYMINGTON, K.C.: I remember a case—I do not know whether it is in the case of this line or not—where a liability was shown, "Sundry Debtors," "Accounts Payable", "Open Credits" etc., a most astounding sum of money, over some millions of dollars, and they had a large sum of money in the bank. The auditor does not know what "Sundry Debtors", "Open Accounts", etc., may or may not be. It may be a reserve fund, as far as he knows. I do not say it is in this line, because I do not remember, but in one line they had a most tremendous amount owing, and a very large sum of money in the bank.

The CHAIRMAN: I may be wrong, Mr. Stevens, and I do not pretend to have the accountancy knowledge possessed by some members of this Committee, but I would like Mr. Symington to proceed as he is proceeding, in order to see if there is really any difference of view between our auditor and the auditors of the companies.

By Mr. Symington, K.C.:

Q. Then let us come to Question No. 7, Mr. Thompson: "Furnish continuity of reserves and fund starting with a balance as it would appear at the beginning of the period of each fiscal year, and showing the changes during the fiscal year since 1922."—A. We have only two reserve accounts which are varied between December 1922 and December, 1924. The first one is the Depreciation Account, which has been increased by an appropriation of £50,000 from Contingency Account—not out of profits, but from Contingency Account—to meet the losses of the year 1923. This did not come out of the profits of that year. Then, under "Contingency Account", at the end of 1922, this Reserve Fund was £262,858/13/11. In two years that has been reduced to £146,383/12/9. We have reduced our reserve by almost the losses in this year, one way or another. It has been reduced by £116,475/11/2.

Q. That is, since 1922?—A. If you want any further details of that, I can give them to you or give them to Mr. Scott.

Q. I do not want them; give them to Mr. Scott?—A. All right.

Q. May I see the balance sheet you have, again?—A. 1923 or 1924?

Q. Either one?—A. (Witness hands paper to Counsel).

Q. This is rather a complicated question, and I do not want to bother with it, so will you answer the questions which Mr. Scott wants to ask with respect to these assets and your reserve fund and investments?—A. Oh, certainly.

Q. Now, with regard to "Management Commission": "What amounts or percentages of this goes to Cairns-Noble?"—A. All of it.

Mr. MONTGOMERY, K.C.: Anyway, is that a fair question? There are about 3,000 shareholders in this thing, and if the management commission—

Mr. SYMINGTON, K.C.: I think this is public, so there is no necessity of secrecy, but I looked it up in "Fair Play" and I find "Cairns Line steamships: Directors; Sir W. J. Noble, Bart., Major T. Russell Cairns; Chairman, Colonel Sir Sydney Wishart; Thomas B. Carlton; Colonel William I. Gear. Managers: Cairns-Noble & Company, Akenside House, Newcastle-on-Tyne." The shareholders are Noble, Cairns, Gear and Reford according to "Fair Play", is that correct?

The WITNESS: That is totally wrong.

Mr. MONTGOMERY, K.C.: I will raise the figures; I am now told the shareholders number probably 4,000?

The WITNESS: You said the shareholders were "so-and-so"; this says, "The principal shareholders."

Mr. SYMINGTON, K.C.: Oh, I beg your pardon. I did not see that.

By Mr. Symington, K.C.:

Q. There are a large number of them outside of those given in "Fair Play"?—A. About 3,000, according to my latest information.

Q. The capital of the company being one million two hundred thousand——A. You will see from that what a small percentage of the total capital the managing firm hold; it is quite a trivial percentage as these things go.

Mr. SYMINGTON, K.C.: I do not know that I want to read the figures—

The CHAIRMAN: Is that really of importance to the Committee?

Mr. SYMINGTON, K.C.: No, I do not think so.

The WITNESS: Apart from that you have mentioned names who are not managers; there are only two, Sir William Noble, and Major Cairns.

By Mr. Symington, K.C.:

Q. Well then, the question was with regard to management commission: "What amounts or percentages of this goes to Cairns-Noble?" and you mean everything shown under "Management" goes to Cairns-Noble?—A. All of it; in return for which they provide the offices of the Company; pay the clerical staff; provide the furniture, rent and rates; and render personal services as managers.

Q. Of the line?—A. Yes.

Q. Then, what contracts have Cairns Noble with the lines of steamships?—A. They have certain management agreements.

Q. Have you got them here?—A. No.

Q. More than one agreement?—A. Yes. There are more than one. I do not remember exactly how many, but they cover different matters.

Q. Now, there are different agreements, different forms of managemnt, or different service or what?—A. No, sir. They varied, from the incorporation of the company, in 1922; different circumstances have arisen, requiring alterations in management agreements and a new agreement has been made from time to time.

Mr. MONTGOMERY, K.C.: Are we really interested in that?—I presume the management agreements are satisfactory to the large body of shareholders of this company, and I do not think it has been suggested that they are out of line with the others. Are we interested in this?

Mr. SYMINGTON, K.C.: My learned friend and Mr. Thompson have had these questions in their hands and if he objects to these questions he can say so.

The CHAIRMAN: One is a contract of management existing at any one year, is that what I understand, or are there more contracts in actual existence?—A. There might be some of the older contracts that govern present, as well as additional matters for which a contract has been made.

Q. There is one agreement evidenced by different documents?—A. One agreement on two or three different documents.

By Mr. Symington, K.C.:

Q. There is only one. It is in respect purely to management, is it?—A. That is right.

Q. Then, Question 10. I had hoped the answers could be made in writing: Details of Sundries, Management Expenses and Brokerages?—A. I gave the sundries, I think, this morning. The sundries are cables from the head office, advertising, charges on wireless apparatus and the proportion of management salary, which I have already mentioned in answer to one of the earlier questions,

the first question. As to brokerages, these brokerages are paid to agents in the Mediterranean ports, where we load at intervals; agents in Canada, at Montreal; agents at interior points in America, and a fraction of them to the agents at Leith, and a fraction of them to the managing company, who run a freight collecting department for the line.

Q. You mean Cairns Noble Company?—A. I mean Cairns Noble Company, but altogether the whole of the brokerages, of all sorts, including very much over 7 per cent, and that sort of thing, to the Mediterranean agent, is slightly over six per cent on the revenue of the steamers, all told.

Q. That is brokerage purely, not management, which you are speaking of —A. Brokerage.

Q. Some of it goes to your agents throughout, and some, as you have explained, to the collection department of Cairns Noble?—A. They render an equivalent brokerage service. I have to explain that this is a thing which is very jealously watched by the auditors of the company, on behalf of the shareholders; and they would not allow £5 to be charged, that was not duly authorized by the management agreement.

Q. It is in accordance with this contract, I suppose?—A. Entirely, oh, yes.

Q. Then, the auditor accepts. Of course, the auditor accepts the contracts? —A. Yes. He refers it to the general meeting of the company, where the contract was approved.

Q. Quite so. Referring to Exhibit 35, on page 73, there is a very large sum charged for sundries in that summary?—A. $302,000.

Q. Whatever it is, it is under the sundries there.—A. Yes; $1,500 a voyage. This does not refer to our case alone.

Q. That was a composite statement?—A. Yes.

Q. You say that would include the items which you retailed to us as sundries?—A. I am not sure whether I can answer any questions on that statement. That was prepared by Price, Waterhouse and Company here, and we gave them our figures and left them to group them as they liked.

Q. Then No. 12. I think you have already answered that, have you not? —A. Yes.

Q. Then No. 13, about the insurance?—A. "Is any insurance, charged in the voyage account, paid over to any companies in which Cairns Noble have an interest directly or indirectly." That is the question?—A. None.

Q. Do they get the insurance commission?—A. No, sir.

Q. No. 14: Hull and machinery?—A. "Hull, machinery, premium, freight protection and indemnity, risks and employers' liability."

Q. Can you give the auditor the amount of insurance carried on each hull?—A. I can.

Q. At the rate?—A. Yes.

Q. You will do that, will you please?—A. I will.

Q. No. 16: "Do the voyage summaries submitted agree with any of the books of account and do they include any estimated figures in regard to expenditures and incomes?"—A. Well, I mentioned £65 a voyage, temporarily estimated, in answer to the first question. The summaries do agree with the voyage books and with the voyage ledger accounts.

Q. All these figures can be traced in to the ledger?—A. They can be traced in the voyage books; the ledgers are at the head office; and while we are on this subject, I am authorized by my company to say that we will give absolute carte blanche to Mr. Scott or anybody else appointed who wishes to come over and see them.

Q. Does it go into your general ledger? Do the figures go into your general ledger and form part of that statement?—A. Undoubtedly, yes. The whole thing balances up and is reconciled to a penny.

Q. The only estimated figures are what you have said in answer to No. 1?—A. Yes.

Q. No. 17: Can you furnish that to the auditor? You need not go into that here.—A. The Carnarvon has a crew of 40 men and four apprentices; the Cairndhu has a crew of 40 men and four apprentices, and the wages for the fifth voyage were £993/9/0 on the Carnarvon, and on the first voyage for the Cairndhu were £2,380/5/2.

Q. No. 18: Have you a typical roll?—A. I have not an actual payroll with me but I have a summarized crew list.

Q. Just give it to the auditor. The Committee does not want to be bothered with it.—A. Yes.

Q. No. 19: Have you got those details, that you could give to the auditor? —A. Those details are comprised in twenty or thirty different accounts per voyage, and it never entered my head to bring these with me.

By Hon. Mr. Stevens:

Q. Read the question and see what it is?—A. The question is: "submit details of stores and provisions item, in support of any five of the voyage summaries." The details of the stores and provisions are lamp glasses, tins of sardines; all sorts of things. Sheaves of accounts cover a voyage for 44 men.

Q. What the auditor stated to me was that he wanted a summary of what that very large item in your voyage accounts consisted of, not lamp glasses or anything else but certain particulars of the items which makes up a large sum of money?—A. We do not summarize them ourselves.

By Mr. Duff:

Q. But you buy the goods from the ship chandler?—A. Yes.

Q. You have got that account?—A. Not with me.

Mr. MONTGOMERY, K.C.: He says they are all over there. You can get every one of them. There are all sorts of things, lamp black, grease and all sorts of things?

The WITNESS: These questions are for the stores and provisions item.

By Mr. Duff:

Q. The item would be on the account you got from the ship chandler? —A. Yes.

By Sir Henry Drayton:

Q. You have a certain amount of balance. That refers to the amount of stock you have on hand?—A. There is stock taken at the end of each voyage and it is credited to that voyage and debited to the next voyage.

Q. You would only get that by going into a mess of detail?—A. We purchase every voyage for the requirements of the forthcoming voyage.

Q. Less what you have on hand?—A. That is usually very trifling.

By the Chairman:

Q. What you have on hand is very trifling?—A. As a rule, yes.

By Mr. Symington, K.C.:

Q. Have you any further dissection of the port charges other than shown on that board of voyage summaries? If so submit for five voyages?—A. I have no other dissections here. The only other dissection is in the voyage books of the company.

Q. Your port charges include stevedoring and so on but you have no dissection?—A. That is right.

Q. Have you any further evidence to support these voyage details that you have not submitted to the auditor?—A. No.

Q. Should he decide to go through the books of the Cairns Line could he find the same classification and items as shown on the voyage summaries?—A. Identically.

Q. In what book? The voyage book?—A. The voyage book.

Q. Have you any record, showing the classification, as kept in the books of the Cairns Line? Are accounts kept in the books of the line under other names than as shown in the summary submitted by you?—A. The accounts shown in the summary can be shown by their voyage numbers, in the books of the company, and the books of the company consist of eight voyage books: one voyage journal, one voyage ledger, one general journal, one insurance journal, one general ledger, one cash book, one petty cash book, one bill book and three manifest books. That is really the reason why I did not bring them over.

Q. I suppose the summary would be in the general ledger? The whole thing is brought up in the general ledger, is it not?—A. No.

Q. The summary of all accounts is not in the general ledger—A. No, the summary of the voyage disbursements is not in the general ledger. The profit on the voyage is there but the classification is in the voyage book, in this book that I brought over.

By Hon. Mr. Stevens:

Q. The result of the voyage account would be carried to the general ledger?—A. The result of the voyage account is carried to the general ledger. The voyage result is arrived at in two different ways, and it must balance, and that result is connected up, right up to the published balance sheet, and in documents which I have handed to Mr. Scott.

By Mr. Symington, K.C.:

Q. What I understand is that that book represents, apart from some cards I think, what you have brought over?—A. That is right.

Q. I do not know whether you want to exhibit it to the Committee or not; there is nothing else, anyway?

Hon. Mr. STEVENS: Mr. Chairman, even in the face of your objection, I am going to raise the point again. Mr. Symington persists in saying that the auditor is auditing the books of Cairns and these other companies. I do not take it that way at all; he is not supposed to be doing that; he is simply supposed to assist us by presenting statements of these other companies. If we are going to ridicule these accounts in this way, our time is being wasted unless we send a man to England to make an audit of all these companies' accounts, which seems to me preposterous and absurd.

Mr. SYMINGTON, K.C.: He cannot without the details give proper advice to the Committee, I submit.

Hon. Mr. STEVENS: But there is a vast difference in the operations of every voyage, or in any business of this character. There must be variations.

Mr. SYMINGTON, K.C.: It is a business which cannot be explained by any variations of that character, Mr. Chairman. He will present a summary of those variations.

Mr. BLACK: In plain English, it looks to me as though Mr. Symington is intimating that these witnesses are falsifying the audit of the companies' books.

Mr. SYMINGTON, K.C.: I am intimating nothing at all; I am assuming that he deems what he says to be correct.

The CHAIRMAN: I am sure there is no such imputation to be taken from anything Mr. Symington has said. I know it has not made that impression

upon my mind, that there has been anything improper done. As I understand it, the auditor says that without certain details he is unable to make the analysis which he would like to make, in order to help us. Certainly there is no intimation that the honourable gentlemen who have come before us to testify in this investigation have falsified their books or any of them.

Sir HENRY DRAYTON: Mr. Chairman, I think we are getting far afield from the original idea. I think Mr. Duff is with me in connection with that original idea. What I wanted to get was the original voyage sheets, and have them gone over by the auditor, and from those sheets we can come down, perhaps not to 5 cents or even $100 here or there, but we can get the general result, and we can easily determine whether that result is approximately correct or not. I think we are amply justified in accepting at their face value these figures until we can get other statements prepared for this case. I am also equally sure that these companies are not falsifying their original voyage sheets for the purpose of putting their business in a state of inextricable confusion, and fooling themselves; they are certainly keeping their voyage sheets as simply as they can and as honestly as they can. If they are not, they are simply putting themselves in a state of endless confusion. If an accountant can go back over them and see whether they can be reconciled with these statements of Profit and Loss as shown by the balance sheets, well and good. If we are going to go into every single thing, such as ship's supplies and lights, refitting and so forth, it can be done very much better in England, and he will have all summer to do it in. But I do not think we are really serious in wanting to do that, although if we go on, we will be getting there, and there is no half-way house.

The CHAIRMAN: Well, we have finished with the question, now I suppose. Now, Mr. Montgomery.

By Mr. Symington, K.C.:

Q. I have one or two more questions. The average tonnage of your boats, Mr. Thompson, is about what?—A. What kind of tonnage do you mean, sir?

Q. Deadweight?—A. About 8,000.

Q. How much do you figure is the cost of a round voyage for those boats, on the average?—A. Do you mean the costs, including depreciation?

Q. Before depreciation?

Mr. MONTGOMERY, K.C.: I don't know whether that is the information my learned friend wants.

Mr. SYMINGTON, K.C.: Mr. Middleton gave us a figure.

Mr. MONTGOMERY, K.C.: I do not know that we are going to have that audit of the accounts that will be affected in the accounts.

The CHAIRMAN: What is the objection, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: The objection is, and has been all the way through, that their management expenses per voyage and so on were matters of their own private concern. It was admitted subject to inspection by any members of the Committee. Further than that, I do not know that any member of the Committee has any interest in broadcasting matters of that kind. They will be all open to the Committee to inspect them, as well as to the accountant, if he wants to take an average of them. We do not want any figures as to the one voyage cost; he can have that, or if the witness cannot give it we have an accountant here to do it. Is it a speculative answer my learned friend wants, or is it an analysis of the general voyages already submitted?

The CHAIRMAN: Can we get the figures from what has been submitted, without depreciation?

Mr. SYMINGTON, K.C.: I don't know. I presume the reason I asked the question is because Mr. Middleton volunteered a statement to this Committee as to what he figured was required on the round trip for his ships. I am asking the witness the same question, as to which Mr. Middleton volunteered a statement. I do not know how many you are analyzing, or how many voyages do appear in the accounts submitted.

The WITNESS: Approximately 100 voyages, in the two years.

Mr. MONTGOMERY, K.C.: If my learned friend is interested at all, Mr. Scott can give him the information.

Mr. SYMINGTON, K.C.: All right, we can get it from the auditor.

By Mr. Symington, K.C.:

Q. Mr. Thompson, I am looking at a book on Shipping Accounts, by a gentleman named Garnsey, of Messrs. Price, Waterhouse & Company. In referring to the method of keeping the accounts I want to see if you can give us any information. Mr. Garnsey says:

"The cost per ton of loading and discharging cargo"——

Can you furnish us, Mr. Thompson, with the cost per ton of loading and discharging cargo?

The CHAIRMAN: Where?

Mr. SYMINGTON, K.C.: On his line.

The WITNESS: What kind of cargo, Mr. Symington?

By Mr. Symington, K.C.:

Q. Composite, a unit?—A. No.

Q. You do not provide a unit then which you can give us showing the cost per ton of loading and discharging your cargo?—A. It would not be any use if we could. We do not keep that record, because cargoes vary voyage by voyage, and there are different costs for different commodities.

Q. You do not keep them that way?—A. No.

Q. Don't you keep the freight earnings per ton; do you keep that?—A. Only ships' manifests, which are things as big as a Sunday newspaper, every voyage. We have that.

Q. You do not arrive at your result?—A. I have not that figure.

By the Chairman:

Q. Do you have Sunday newspapers in the old country too?—A. No.

By Mr. Symington, K.C.:

Q. Do you keep separately, so that you can give it to us, the unit of the cost of the coal consumed, and the costs in the engine department?—A. I can give you the average cost of coal per ton over the year, or per voyage. I can let Mr. Scott have that.

Q. Then do you make general comparisons of the expenses and earnings of the whole fleet, and of different voyages of the same fleet?—A. We do.

Q. Have you those?—A. That is what you have had.

Q. You have not got them summarized?—A. Yes, I have; you have had it.

Q. That is what you have there?—A. Yes.

By Mr. Montgomery, K.C.:

Q. Are the statements which you produce statements which were prepared for the purposes of this case?—A. No, sir. The 1923 figures were prepared twelve months ago, and the 1924 figures were prepared early in March of this year.

Q. In the ordinary course of business?—A. In the ordinary course of business.

Q. Without any reference to this inquiry?—A. Without any reference to this inquiry whatever.

Q. These voyage books you have spoken of; I understand a book is kept for each steamer?—A. Yes.

Q. Giving its history, as far as the voyage is concerned, practically their entire report?—A. That is right.

Q. And you have quite large books for that purpose?—A. Yes, almost as big as this one here.

The CHAIRMAN: That is all, Mr. Thompson. We are very much obliged to you indeed.

The witness retired.

STEWART BENJAMIN BROWN, called and sworn.

By the Chairman:

Q. Where do you come from, Mr. Brown?—A. Toronto.

Q. What do you do?—A. I am Manager of the Transportation Department of the Candian Manufacturers' Association.

By Mr. Symington, K.C.:

Q. Mr. Brown you are Traffic Manager for the Canadian Manufacturers' Association of Toronto?—A. I am Manager of the Transportation Department of the Canadian Manufacturers' Association. That is what they call me.

Q. On page 19 of Exhibit No. 68, the Preston Report, certain rates are given? A. Yes.

By the Chairman:

Q. Have you got that, Mr. Brown?—A. Yes, sir, I have that.

By Mr. Symington, K.C.:

Q. These figures it states there were taken from the Canadian Manufacturers' Association. You furnished those figures, did you?—A. Yes, at the request of Mr. Preston.

Q. Will you file the statement which you have there, or a similar one? I ask to read into the record the statement you have prepared, and which verifies that exhibit, and you have added a column showing the percentage increase in 1924 over 1914.—A. After March 1st, Mr. Chairman.

The CHAIRMAN: He had better read that and explain it. You want him to read it in?

Mr. SYMINGTON, K.C.: I would like to get it before the Committee.

By Mr. Symington, K.C.:

Q. I judge, Mr. Brown, from this heading you have here, that this was prepared at the time of the proposed 25 per cent increase of March 1st, 1924?—A. Yes.

The figures you see in that first column: "Proposed 25 per cent increase March 1st, 1924," are the figures that were put in on March 1st.

Q. Then you have added the last column?—A. Yes, the per cent increase of March 1924 over 1914.

Q. Then it read as follows:

"1914, Agricultural Implements 11.83 cents per 100 pounds, or 9.13 cents per cubic foot."

Mr. MONTGOMERY, K.C.: What is the object of that?

The CHAIRMAN: That is not exactly the same as given in Mr. Preston's report.

Mr. SYMINGTON, K.C.: No, it is 12, instead of 11.83.

By Mr. Montgomery, K.C.:

Q. Another thing is that it is a proposed increase. As I understand it, Mr. Brown—you will correct me if I am wrong—this was sent out as to a proposed increase of rates and you were getting the views of the manufacturers on it.—A. This was not sent out, but it was prepared at that time.

Q. Are you able to state whether or not that was the increase that was put in effect?—A. That was the increase as we understood from the steamship companies themselves.

Q. But was it the rate actually put in effect? Those are not the rates put in effect.

Mr. MONTGOMERY, K.C.: What I was suggesting is this, Mr. Chairman: my learned friend is anxious to have this put on the record. If it is the proposed increase that the witness understood was to be put in force at the time it was made up, then what is the use of putting it on the public record?

By Mr. Symington, K.C.:

Q. Is it true or not that those increases came into effect?—A. We have another statement here that I prepared that I think will answer that. It was made later. This other statement was made from information received from the steamship companies themselves, in, I think, January of this year.

Mr. MONTGOMERY, K.C.: Just to take the first item; I do not know how the rates compare, but I see the item of fifty cents per 100 pounds. I understand the rate is 25 cents per cubic foot.

The WITNESS: That was on the per 100-pound basis. We understood the rate would be fifty cents per 100 pounds, and I think it is the rate.

The CHAIRMAN: Gentlemen, Sir Eugene Fiset makes a suggestion to me, which I think a wise one, that we should ignore this schedule on page 19 and that the witness should put in a new and correct schedule of to-day's rates.

By the Chairman:

Q. Is it based on to-day's rates, Mr. Brown?—A. This schedule I have here, Mr. Chairman, has the rates of January, 1925, as supplied by the steamship company.

The CHAIRMAN: Is not that what we want, Mr. Symington? With your permission, gentlemen of the Committee, I will ask the witness to produce this schedule as Exhibit Number 79.

EXHIBIT No. 79

OCEAN RATES TO UNITED KINGDOM

Commodity	1914	1924	Per cent Increase Feb., 1924 over 1914	Proposed 25 per cent Increase March 1, 1924	Per cent Increase March, 1924 over 1914
			%		%
Agricultural Implements	11·83c. per 100 lbs. 9·13c. per cu. ft.	30c. per 100 lbs. 15c. per cu. ft.	153·6	50c. per 100 lbs.	347
Automobiles	9·85c. per cu. ft.	15c. per cu. ft.	75·2	25c. per cu. ft.	168
Auto Tires	7·50c. per cu. ft.	20c. per cu. ft.	166·6	25c. per cu. ft.	233
Measurement Goods:—					
Coarse	7·50c. per cu. ft.	30c. per cu. ft.	300	40c. per cu. ft.	433
Fine	15·00c. per cu. ft.	30c. per cu. ft.	100	40c. per cu. ft.	166
Weight Goods	21·43c. per 100 lbs.	60c. per 100 lbs.	179·9	75c. per 100 lbs.	249

By the Chairman:

Q. I hold in my hand the schedule you have prepared. Is that schedule based on actual rates or merely on proposed rates?—A. That is based on what we were given to understand by enquiring from the steamship companies, the proposed rates they were going to put into effect on March 1st.

By Mr. Black:

Q. You were asked whether they were put into effect.

By Mr. Symington, K.C.:

Q. Were they put into effect?—A. I will have to compare this other statement before I can answer that question.

Q. I have the steamship company's statement; fifty cents pere 100 pounds. Is that the rate you have?—A. I have that rate here, sir.

Q. 25 cents per cubic foot, or fifty cents per 100 pounds, whichever is the greater. So that there can be no exception taken to the fifty cents per 100 pounds, because that would be the rate unless 25 cents per cubic foot were greater.

Mr. MONTGOMERY, K.C.: According to the measurement of the goods, I am informed.

By Mr. Symington, K.C.:

Q. What is the next one there?—A. Automobiles.

Q. The rate given in Exhibit 53 is 25 cents a cubic foot?—A. 25 cents per cubic foot, as of March 1st, 1924, proposed.

Q. That is the present rate too. What is your other one?—A. Automobile tires.

Q. Automobiles here, and tires, is 25 cents per cubic foot, is that right?—A. Yes.

Q. That is the present rate.

By Mr. Black:

Q. Is that the present rate?—A. Mr. Symington has the present rates there, sir. He is reading them to me.

The CHAIRMAN: They are the present rates. I have got it here.

By Mr. Symington, K.C.:

Q. Automobile tires 25 cents a cubic foot?—A. That is what I have here.

Q. No, 100 lbs.—A. I have it per cubic foot here.

Q. Per cubic foot is it? Then Exhibit 53 I think should be corrected. Then what is the other one, Mr. Brown?—A. Measurement goods.

Hon. Mr. STEVENS: Take flour. Flour is next.

The CHAIRMAN: I would draw the Committee's attention to Exhibit 53, That in Exhibit 53 automobile tires are said to be 25 cents per 100 lbs. That is a mistake is it not?

Mr. SYMINGTON, K.C.: Mr. Marlow says that is a mistake, that it should be 25 cents per cubic foot.

Mr. MONTGOMERY, K.C.: Tires, rubber.

Mr. SYMINGTON, K.C.: Turning to the next one: measurement traffic, Exhibit 53.

Hon. Mr. STEVENS: No, flour.

The WITNESS: The statement we sent to Mr. Preston I see includes flour which is left out of this other statement, but I have flour in the statement we sent to Mr. Preston, I have that here.

Mr. SYMINGTON, K.C.: Do you want to go into Mr. Preston's statement or take the new one? Which does the Committee want?

The CHAIRMAN: Let us take the new one I think, Mr. Symington.

Mr. SHAW: The point I would like to raise is this: as I understand it the steamship companies have presented Exhibit 53, which purports to be in fact a correct statement of the existing rates to-day?

Mr. SYMINGTON, K.C.: Yes, that is so.

The CHAIRMAN: So that we will not proceed on a mistake, the last year mentioned in Exhibit 53 is 1924. There are some changes, I understand, in 1925, so that 53 is not brought up to date.

Mr. SHAW: Then I take it we are directing our attention to the changes made in the rates over those indicated in Exhibit 53. My idea is this, Mr. Chairman: we should not clutter up the records with a lot of Exhibits that are unnecessary. If the witness can tell us where Exhibit 53 is wrong or where it should be brought up to date, then I think we would be making some progress.

Mr. SYMINGTON, K.C.: May I explain, Mr. Shaw? This Exhibit shows more than 53. It is a comparison with the 1914 pre-war rates. I understand from Mr. Marlow that these rates as shown in this are correct according to the Exhibit. So that I think perhaps we can go on with this Exhibit 79.

By Mr. Symington, K.C.:

Q. Agricultural implements, percentage increase March 1924 over 1914, 347 per cent. Is that right, Mr. Brown?—A. 347 per cent, yes.

Q. Automobiles percentage increase March 1924 over 1914, 168 per cent?—A. Yes.

Q. Automobile tires, percentage increase, March 1924 over 1914, 233 per cent?—A. Yes.

Q. Measurement goods: coarse. Percentage increase March 1924 over 1914, 433 per cent. That is correct?—A. Yes.

Q. Measurement goods: fine. Percentage increase March 1924 over 1914, 166 per cent.—A. Yes.

Q. Weight goods. Percentage increase March 1924 over 1914, 249 per cent?—A. Yes.

Hon. Mr. STEVENS: Why do you leave flour out?

Mr. SYMINGTON, K.C.: It is not in this statement that we have produced.

The WITNESS: This statement was really prepared prior to the submission to the Imperial Shipping Committee, and at that time the flour question had been practically settled.

The CHAIRMAN: Now we are producing this statement as Exhibit 79?

Mr. SYMINGTON, K.C.: Just a minute, Mr. Chairman, if you will. I think if any of the Committee would like flour and leather cleared up from this 19, I think we should do it.

The CHAIRMAN: All right, go ahead.

By Mr. Symington, K.C.:

Q. Looking at page 19 of Mr. Preston's Exhibit; flour. Were those the correct rates at that time?—A. You mean in 1914?

Q. And 1924, yes.—A. The 12 cents per cubic foot was the rate shown in 1914 as per cards issued that I have here. And 1924, 19 cents per cubic foot, a proposed 25 per cent increase March 1st 1924, 20 cents per cubic foot.

Q. I understand there has been a change in the flour rate?—A. Yes.

Q. So that that statement, published then, does not correctly show the flour rate now?—A. I understand so.

Q. In fact, there was a change a week or two ago, was there not?

Mr. FLINTOFT: There was a reduction, in 1925.

The CHAIRMAN: Within the last ten days?

Mr. SYMINGTON, K.C.: Yes.

The CHAIRMAN: A reduction of two cents.

By Mr. Symington, K.C.:

Q. And leather, was that correct in that statement?—A. Leather is not in that statement, is it?

Q. Yes.

Hon. Mr. STEVENS: I think we got the price on leather yesterday, of 85 a hundred lbs.

Mr. SYMINGTON, K.C.: But it is cubic feet Mr. Stevens.

Hon. Mr. STEVENS: It is 85 a hundred lbs, in '24.

The CHAIRMAN: Sole leather was 85 cents per 100 lbs.

The WITNESS: I do not think that is on the statement that I sent to Mr. Preston but I may have given that information in a letter. I will see.

Mr. SYMINGTON, K.C.: See if you have, will you. I think you are right there, Mr. Stevens; I think that should be a hundred pounds.

The WITNESS: The rate on leather, based upon July 1st 1914, or rather in a period ending July 1st 1914, was given to us by the shipper of leather as 27.1 cents per hundred pounds. That was contained in a letter to Mr. Preston.

By Mr. Symington, K.C.:

Q. Plainly this "cubic feet" is a mistake. 85 cents a hundred pounds in 1924. We have had that evidence; that would be correct?

Mr. RINFRET: But, Mr. Symington, in the Preston report it says in 1914 27.1 cents per cubic foot, and in 1924, 85 cents per hundred pounds.

Mr. SYMINGTON, K.C.: That 27 cents per cubic foot is a mistake; it is 27 cents per hundred pounds.

Mr. RINFRET: And no additional increase after March 1st 1924?

Mr. SYMINGTON, K. C.: There is none shown; I do not think there is any.

By Mr. Symington, K.C.:

Q. Now, you prepared another statement, Mr. Brown, did you?—A. Yes sir.

Q. What is this statement you prepared?—A. This statement shows the rates for the period February 6th to 21st in the year 1914, with the rates as of January 1925, the rates in 1914 being taken from certain Advice Cards issued by the Grand Trunk Railway, and the rates in January 1925 given to us by the steamship companies in letters.

Q. The 1914 rate, so that the committee may understand as you explained it to me—if I am wrong you will correct me—they sent out weekly advice on ocean rates and sailing?—A. Yes sir.

Q. On the inside of which are the rates shown, quoted for that week?—A. Yes. "These rates are for general information only and are subject to change at any time without notice".

By Hon. Mr. Stevens:

Q. What commodities, generally speaking? Is that package freight?—A. There is a variety of material like apples, automobiles, butter, canned goods, cheese, eggs and so on.

Q. General cargo?—A. General cargo.

By Mr. Symington, K.C.:

Q. And it is from those weekly statements that you took the 1914 rates shown on this statement Exhibit 80?—A. Yes.

By Mr. Symington, K.C.:

Q. And this Exhibit 80, then, shows in the last column a percentage which increased between February 1914 and January 1925, on certain of the commodities?—A. Yes sir.

Q. But not on the others. Why have you omitted some, supplied the one and not the others?—A. Because the rates that we found in these cards of 1914 were per cubic foot, whereas now they are on the hundred pounds basis, and it was difficult, very difficult in fact, to work that out.

Q. So that is the reason there are vacancies in your percentage of increase column?—A. Yes.

Q. It was so difficult in working them out, because of that fact?—A. Yes, we had no knowledge of the weight per cubic foot of these articles.

EXHIBIT No. 80

OCEAN RATES FROM CANADIAN ATLANTIC PORTS TO THE UNITED KINGDOM

Commodity	Rates in Cents per Hundred Pounds except where noted		Increase
	February 6 to 21, 1914	January, 1925	
Starch—			
In bags or boxes	15	21	75
Sugar—			
In bags	12	25	108
Syrup, Corn—			
In barrels	12	25	108
Syrup, Cane—			
In barrels	15	25	66
Iron or steel bars, loose	4·80 per gross ton	7·00 per gross ton	45
Automobile parts, unassembled		25 per cu. ft. 50 per 100 lbs.	
Automobiles, Pleasure, Chassis or Bodies, set up or knocked down up to three tons	9·75 per cu. ft.	25 per cu. ft.	156
Washing Machines, Wooden, without mechanical or electrical attachments	6·75 per cu. ft.	100 per 100 lbs.	
Washing Machines, other than wooden, with electrical or mechanical attachments	6·75 per cu. ft.	40 per cu. ft. 75 per 100 lbs.	
Brooms, in bundles or cases	6·00 per cu. ft.	150 per 100 lbs.	
Doors, subject to clause "unprotected—carried at owners' risk of damage or breakage"	6·00 per cu. ft.	50 per 100 lbs.	
Wood Mouldings, in white,	6·00 per cu. ft.	50 per 100 lbs.	
finished	6·00 per cu. ft.	100 per 100 lbs.	
Dowels (Heavy)	6·00 per cu. ft.	45 per 100 lbs.	
(Light)	6·00 per cu. ft.	55 per 100 lbs.	
Parquetry Flooring	6·00 per cu. ft.	65 per 100 lbs.	
Flooring Strips (Heavy)	6·00 per cu. ft.	35 per 100 lbs.	
(Light)	6·00 per cu. ft.	45 per 100 lbs.	
Lumber (Heavy)	6·00 per cu. ft.	35 per 100 lbs.	
(Light)	6·00 per cu. ft.	45 per 100 lbs.	
Furniture Stock, in the white, in cases or crates, knocked down	6·00 per cu. ft.	100 per 100 lbs.	
Handles, in bundles, cases, bags or crates, Stright	6·00 per cu. ft.	40 per 100 lbs.	
"D"	6·00 per cu. ft.	40 per 100 lbs.	
Not otherwise specified	6·00 per cu. ft.	75 per 100 lbs.	
Veneers, in crates or cases	6·00 per cu. ft.	65 per 100 lbs.	
Bakeboards, Wooden, knocked down	6·00 per cu. ft.	75 per 100 lbs.	
Ironing Boards, Wooden	6·00 per cu. ft.	40 per cu. ft. 75 per 100 lbs.	566
Maple Blocks (give description, what used for, etc.).			
Shoe lasts	6·00 per cu. ft.	40 per cu. ft. 75 per 100 lbs.	566
Wood Rims, in the white, loose or crated	6·00 per cu. ft.	85 per 100 lbs.	
Staves, finished, in bundles	6·00 per cu. ft.	30 per 100 lbs.	
Wood pulleys	6·00 per cu. ft.	100 per 100 lbs.	

OCEAN RATES FROM CANADIAN ATLANTIC PORTS TO THE UNITED KINGDOM—
Continued

Commodity	Rates in Cents per Hundred Pounds except where noted		Increase
	February 6 to 21, 1914	January, 1925	
			%
Pulley Blocks	6·00 per cu. ft.	40 per cu. ft. 75 per 100 lbs.	566
Washboards	6·00 per cu. ft.	75 per 100 lbs.	
Wooden Spoons	6·00 per cu. ft.	40 per cu. ft. 75 per 100 lbs.	566
Apples, in barrels, not exceeding 7 feet ordinary stowage	66·00 per barrel.	90 per barrel.	
In wooden boxes, not exceeding 1·8 cubic feet, must be strapped or wired or guarantee given, ordinary stowage	10·5 per cu. ft.	30 per box.	
Evaporated, in boxes, must be strapped or wired or guarantee given, ordinary stowage	20 per 100 lbs.	50 per 100 lbs.	150
Canned Goods, in boxes, strapped or wired on two ends, or cross strapped	21·5	50	132·6
In boxes, single strapped or wired	21·5	55	155·8
In boxes, not strapped or wired	21·5	60	179
Quaker Oats, in bags	16	40	150
in cases	4·8 per cu. ft.	40	
Rolled Oats, in bags	16	30	88
in cases	4·8 per cu. ft.	40	
Grape Nuts, in bags	16	60	275
in cases	4·8 per cu. ft.	60	
Cheese, in boxes	26·8	70	161
in crocks	32·1	70	115
Furs and Peltries	18 per cu. ft.	40 per cu. ft. 75 per 100 lbs.	122
Flour, in barrels and half barrels	12 (in sacks).	21	
Oatmeal, in barrels and half barrels	12	21	75
Cornmeal, in barrels and half barrels	12	20	66
Oil Cake	12	30	150
Cottonseed Cake	12	30	150
Glucose, in barrels	12	25	108
Hardware	.....	40 per cu. ft. 75 per 100 lbs.	
Flow Castings	.....	25 per cu. ft. 50 per 100 lbs.	
Spades and Shovels Hay Forks Plows Beams Repairs	6·75 per cu. ft.	25 per cu. ft. 50 per 100 lbs.	270
Windmills	7·75 per cu. ft.	40 per cu. ft. 75 per 100 lbs.	492
Binders Cultivators Mowers Reapers Threshing Machines	6·75 per cu. ft.	25 per cu. ft. 50 per 100 lbs.	270
Leather, cut soles, in bales and bundles	$1.50		
Finished, in cases	32·1 per 100	60 per cu. ft.	
Finished splits, in cases	32·1 per 100 lbs.	60 per cu. ft.	
Finished splits, in rolls, bales and bundles	32·1 per 100 lbs.	85 per cu. ft.	
Sole, in bales or bundles	32·1 per 100 lbs.	85 per cu. ft.	
Ores—			
Cobalt	21·5 per 100 lbs.	40 per cu. ft. 75 per 100 lbs.	
Copper Chrome Marl	16 per 100 lbs.	40 per cu. ft. 75 per 100 lbs.	
Nickel and Corundum, in bags	21·5 per 100 lbs.	50 per 100 lbs.	132·6
in bags	21·5 per 100 lbs.	75 per 100 lbs.	249
Nickel Matte	.....	550 per gross ton	
Zinc Ore	.....	700 "	
Copper Matte	.....	550 "	
Mica, ground	.....	60 per 100 lbs.	
Graphite	.....	75 per 100 lbs.	
Machinery, up to two tons	.....	40 per cu. ft. 75 per 100 lbs.	
Lawn Mowers	6·75 per cu. ft.	25 per cu. ft.	270

OCEAN RATES FROM CANADIAN ATLANTIC PORTS TO THE UNITED KINGDOM—
Concluded

Commodity	Rates in Cents per Hundred Pounds except where noted		Increase
	February 6 to 21, 1914	January, 1925	
			%
Beef, Lard, Pork, Grease, Tallow, in barrels and tierces weighing over 35 lbs. gross	21·5 per 100 lbs.	50 per 100 lbs.	132·6
Lard, in cartons, in cases, when not strapped takes 10c. over lard in boxes; when single strapped takes 5c. over lard in boxes.			
Refrigerator List—frozen carcases and parts including cost of unloading cars, $1.50 per 100 lbs.			
Bacon, Hams, Meats, in boxes, or cases, over 35 lbs.	21·5 per 100 lbs.	50 per 100 lbs.	132·6
Butter, ordinary stowage	32·1 per 100 lbs.	100 per 100 lbs.	210
Refrigerator	32·1 per 100 lbs.	150 per 100 lbs.	367
Eggs, in shells, ordinary stowage	9c. per cu. ft.	35 per cu. ft.	288
Refrigerator	.....	55 per cu. ft.	
Oleo, in tierces and barrels	21·5 per 100 lbs.	50 per 100 lbs.	132·6
Wax	21·5 per 100 lbs.	35 per 100 lbs.	63
Radiators	16 per 100 lbs.	40 per cu. ft. 75 per 100 lbs.	
Clover seed, 60 lbs. to bushel	27	60	122
Grass, 14 lbs. to bushel	36	100	178
Timothy, 45 lbs. per bushel	29	60	106
Beans, dried in bags	14	50	257
Split peas, dried in bags	14	50	257
Soap—			
Common	21·5 per 100 lbs.	50	132·6
Powder	.....	60	179
Stock in barrels	21·5 per 100 lbs.	50	132·6
Toilet	.....	40 per cu. ft. 75 per 100 lbs.	
Lubricating Oil—			
In standard barrels, or drums, cubical capacity not exceeding 12 cu. ft. 3 ins	.....	$1.50 per barrel	
Exceeding 12 cu. ft. 3 ins	21·5 per 100 lbs.	35 per 100 lbs.	63
In half barrels, not exceeding 7 cubic feet	.....	85 per half barrel	
In kegs and cases	21·5 per 100 lbs.	35 per 100 lbs.	63

By Mr. Symington, K.C.:

Q. Mr. Brown, I understand that the Canadian Manufacturers' Association had something to do with the 25 per cent horizontal increase, when it was proposed in March, 1924, and took the matter up to see whether there were complaints or something of that kind—I do not know what it is?—A. Yes, sir.

Q. What did you do?—A. Like all other matters of that character, the question was brought before our Transportation Committee, which is a committee composed of members of the association from coast to coast. The proposed increase of 25 per cent was brought before that committee, and they were asked as to what action, if any, should be taken by the association, and the committee recommended that a sub-committee be appointed to confer with the Export Club of Toronto, because they felt that the Export Club of Toronto could best handle the matter, and in order to avoid duplication, they arranged for the sub-committee to meet with the Export Club, to arrange what should be done. It was arranged for the Export Club—not the association,—to send out a circular asking for certain explanations from its members.

Q. And the Export Club did it send it out?—A. They did send it out. I might say right here that the circular was sent out with the clear understanding that information supplied should be confidential as regards the names of the companies supplying it; that only total figures and the character of commodities and so on, would be submitted publicly, or to the carriers.

Q. Your sub-committee worked then with the Export Club in the operation of this?—A. Yes.

Q. And did your association also have some direct correspondence with the steamship companies?—A. Yes, we did; we directed a letter to the steamship companies.

Q. Have you got that?—A. Yes.

By Mr. Flintoft:

Q. What was the date of that circular, Mr. Brown?—A. February 24th, 1924.

By Mr. Symington, K.C.:

Q. You say that the association wrote the steamship companies?—A. A letter was directed to the steamship companies on January 29th, before this circular went out.

Q. By the Canadian Manufacturers' Association?—A. By the Canadian Manufacturers' Association, entering a general protest against the proposed increase, which was to take effect March 1st, 1924.

Q. Have you any objection to producing a copy of that letter?—A. No, certainly not (handing paper to counsel).

The CHAIRMAN: We will produce that as Exhibit No. 81.

Exhibit 81: Circular letter re Ocean Rates, proposed increase, 1924, sent out by C.M.A., dated January 29, 1924.

By Mr. Symington, K.C.:

Q. This is a letter dated January 29th, 1924, addressed to the various steamship lines—or to whom?—A. I can give you the names of them. To Mr. J. E. Dalrymple, Mr. W. B. Teakle, Mr. D. O. Wood, Mr. W. M. Kirkpatrick, and Mr. W. R. McInnes.

Mr. SYMINGTON, K.C.: (Reading):

" Re Ocean Rates—Proposed Increase 1924

DEAR SIR—The proposal to increase ocean rates from North Atlantic ports to the United Kingdom effective March 1st, 1924, is a matter of great importance to our members. Accordingly our Transportation Committee and our Executive Council have recently given very careful consideration to a number of complaints received from our members in connection with this matter and have unanimously agreed that the Association place before the steamship and railway company representatives in Canada the opinion that the proposed increase will have a very serious effect upon the development of our export trade affecting, as it does, our ports, rail lines and steamship services. In entering this protest against the increase proposed we would particularly draw your attention to the following facts:—

1. The present level of ocean rates is considerably higher than that of pre-war days and the suggested increase will considerably widen the spread.

2. Export trade is highly competitive, dealing, as it does, in world markets and an increase in ocean rates from Canada without corresponding increases from European countries accentuates in a serious way the competition.

3. While we understand an increase will also be made from United States ports to United Kingdom, domestic conditions in Canada are less favourable than those in United States, making it more difficult to meet the suggested rate situation.

In comparing the rates existing to-day with those in 1914 we find that some of the important commodities are as much as 166 per cent higher, while on general cargo they are in some cases 300 per cent higher.

The proposed increase will produce a level of rates, which we strongly urge is considerably higher than could be warranted by the difference in the cost of operation between pre-war days and the present. We would urge that it is in the interests of the steamship companies operating from Canadian ports to take such steps as will prevent the increases proposed in ocean rates effective on March 1st.

The domestic conditions in Canada, so far as general business is concerned, is less favorable than that in United States, which you will appreciate makes it considerably more difficult for Canadian industries to bear any further increases in cost of doing an export business in the United Kingdom.

It is requested that this matter be given your careful and immediate attention with a view of taking whatever action is necessary to prevent the increase proposed.

I would be pleased to hear from you in connection with this matter.

Yours faithfully,

Manager—Transportation Department."

By Mr. Symington, K.C.:

Q. Did you get a reply to that?—A. Yes, sir.

Q. Will you produce it, please?—A. There are several.

Q. Well, from one of the steamship lines?—A. Shall we take the Canadian Government Merchant Marine as being typical?

Q. No, they are not a Conference line.

Hon. Mr. STEVENS: They were in the Conference at that time.

Mr. SYMINGTON, K.C.: Then you had better produce them all.

The WITNESS: Here sir (Handling documents to Counsel).

By Mr. Symington, K.C.:

Q. There are four here?—A. Yes.

Mr. SYMINGTON, K.C.: Well, now, I think we can dispense with the reply from Mr. Dalrymple and the one from Mr. Wood; they are officers of the railways. I have not read them. There is one from Mr. Teakle who is the manager of that System's boats; I do not think there is anything in them?

Mr. MONTGOMERY, K.C.: What have you now?

Mr. SYMINGTON, K.C.: The C.P.R. and the Canadian Government Merchant Marine. Shall I read these replies, Mr. Chairman?

The CHAIRMAN: I think so, sir.

Mr. SYMINGTON, K.C.: This is a letter dated February seventh, 1924, from Mr. R. B. Teakle, General Manager of the Canadian Government Merchant Marine to the Canadian Manufacturers Association Inc., Toronto, and reads as follows:—

"DEAR SIRS:—

Attention Mr. S. B. Brown, Manager.

I have your favor of 29th ultima dealing with freight rates to the United Kingdom. As you are probably aware the steamship operators generally have lost money in connection with their operations during the past year, and in the face of this we in Canada were obliged to meet an increase in wages to Longshoremen at St. John and Halifax at the opening of the winter season, and we fully anticipate that we will be forced to take similar action at Montreal with the opening of the St. Lawrence. The increase at the winter ports has been approximately 20 per cent, and what we anticipate at Montreal will be, at least, in the same proportion.

Rates for some time have been such as to make it quite impossible for steamship operators to secure even a working revenue, and if regular and efficient services are to be maintained, and which you will admit are necessary in the interests of Canadian Exporters at large, we must get sufficient return from the carriage of our cargoes to pay expenses.

It is the desire of the Canadian Government Merchant Marine, Limited, as I am sure it is likewise of the other lines serving Canadian shippers, to exert every effort to assist in maintaining, or increasing if possible, the volume of Canadian exports, and we will welcome at any time such figures as will tend to show definitely that prices offered by foreign competitors are such as to make impossible marketing of Canadian manufactures after the manufacturers in this country themselves have made every effort to meet competition through their own interior workings. With such information before us, individual applications will be treated on their merits, and if relief can be found through the reduction of ocean freight rates, such reductions you can be assured will be gladly granted if consistent with the efforts which we are making to properly maintain and operate our steamers on the respective trade routes which we have entered.

I do not think it untimely to refer in this letter to the increased support which we appear to be receiving from our Canadian shippers generally, and which we greatly appreciate. With statistics showing that Canada's exports are increasing it is our feeling that we can expect a greater degree of co-operation from the trade, and it is only natural to assume that added volume of tonnage is bound to place us in a far better position to consider reductions in freight rates than we find ourselves at present.

Yours truly,

(Sgd) R. B. TEAKLE,
General Manager."

There is a letter from W. M. Kirkpatrick, Foreign Freight Traffic Manager.

The CHAIRMAN: Of what company?

Mr. SYMINGTON, K.C.: The C.P.R., to S. P. Brown, Manager, Transportation Department, Canadian Manufacturers' Association. This letter reads:

"DEAR SIR:—I have your letter of January 29th in reference to ocean rates.

You lay stress on the fact that the present level of ocean rates is considerably higher than that of pre-war days. I think you will admit that all costs are very much higher than pre-war days. It cannot be denied that the steamship business during 1923 was exceedingly poor, and that the cargoes did not pay the expenses of the ship.

I should also like to point out that your letter is of an exceedingly general character. We could go into the situation very much more intelligently if you would give us specific instances of the complaints. If the steamship companies are to continue to give the service that they have been giving, it is essential that they receive more revenue. At the same time, we are always prepared to discuss any particular case on its merits.

Yours truly,

(Sgd) W. M. KIRKPATRICK,
Foreign Freight Traffic Manager."

Mr. DUFF: Is there any thing from the other steamships?

The WITNESS: No, sir, that was directed only to the C.P.R., and the Canadian Government Merchant Marine and the Railway Companies.

By Mr. Symington, K.C.:

Q. Did you have something to do with individual complaints?—A. Yes, sir.

Mr. SYMINGTON, K.C.: Do you want to go into that?

Mr. MONTGOMERY, K.C.: I do not want them.

By Mr. Symington, K.C.:

Q. You have received a certain number of complaints and you took them up and others you did not?—A. Yes, sir. We received certain complaints and took them up with the steamship company, resulting in some of them being satisfactorily disposed of.

By Mr. Flintoft:

Q. A good many of them, you have found, were not interested in the trade at all?—A. There was a summary received in reply to the circular issued by the Export Club, but the summary was given to us in confidence. The summary gives you an idea of what these complaints were exactly.

By Mr. Symington, K.C.:

Q. You produce a summary of complaints in answer to a circular?—A. Yes, in answer to the circular which I referred to sometime ago, of February fourth, 1924.

Q. You have no objection to producing the circular?—A. No objection at all.

Mr. SYMINGTON, K.C.: My learned friend has no objection to this?

Mr. MONTGOMERY, K.C.: Had you not better put the circular in first?

Mr. SYMINGTON, K.C.: Suppose we put them in together, the circular and the summary of complaints?

By Mr. Symington, K.C.:

Q. You produce then, Mr. Brown, which we will mark as Exhibit 82, a circular sent out by the Export Club and a summary of the complaints which you received from members of the Export Club, showing the details of their complaint?—A. Yes.

Exhibit No. 82: Circular and Summary of Complaints filed.

Q. You told the Committee that some of these complaints were attended to or some were adjusted and some were refused?—A. Yes, and there are a few others that we had, that were not mentioned on that list.

Mr. MONTGOMERY, K.C.: I do not think I have any questions to ask him.

The CHAIRMAN: Any further questions, gentlemen? Any member desiring to question Mr. Brown? If not, I will thank him for his attendance here.

By Mr. Flintoft:

Q. Mr. Brown, were you approached with reference to appearing before this Committee?—A. I was served with a telegram, sir, dated the eighteenth of this month, from S. R. Gordon, clerk of the Committee.

Q. That was your first request to give evidence, was it?—A. The first subpoena, yes.

Q. The first request your Association received, to give evidence?—A. That is the first request that I know of.

Q. The first request you know of?—A. Yes.

Q. As far as you know, no one was approached, on the part of your Association, to give evidence or to make representations before the Committee?—A. I do not think so, sir; not that I know of.

Q. Well, did you not have some correspondence with your members, in reference to complaints before this Committee?—A. As to complaints?

Q. Yes.—A. I do not just get the question; not as to complaints before the Committee. I do not just understand.

Q. Did you have any correspondence with your members, as to this proposed inquiry?—A. As to this proposed inquiry?

Q. Yes.—A. Yes, we had certain correspondence as regards a meeting of our transportation committee, because of this question.

Q. What gave rise to that?—A. Because of this question.

Q. What question?—A. The question that is before this Committee.

Q. Was that just spontaneous or was it as a result of some representations made to you?—A. As I recall it, it was sent out, advising our members, as we do in connection with all committee meetings, when any question of a nature of that character is under consideration, we had a meeting of the transportation committee and placed before them certain facts pertaining to it and asked the transportation committee to say what policy might be adopted by the association on the particular question.

Q. What was the policy adopted?—A. I am instructed that the policy adopted by the Association is that they have nothing to say, one way or the other.

Q. In fact, as a matter of fact, your organization was more interested in stability of rates, regularity of service, than anything else?—A. I may say that the Canadian Manufacturers Association, in dealing with transportation matters, always consider service primarily and rates secondly.

Q. Generally speaking the ocean rates form a small percentage of the selling value of the higher grade of manufactured articles?—A. I have no exact facts on that point.

Q. I say generally speaking?—A. It may be so.

Q. Did you receive any reply from P. Burns and Company in that connection?—A. You mean in connection with the Committee meeting.

Q. Yes.—A. We might have, because there is a representative of P. Burns and Company on the transportation committee and he would be writing us, in his capacity as a member of that committee.

Q. Would his communication be in any way confidential?—A. Yes, it would.

Q. It would?—A. Yes, it would.

Mr. FLINTOFT: I do not like to make public the communication because I am not sure—Mr. Brown says it would be confidential, and I do not want to run any chance of violating that understanding,—but I will be very glad to take means to ascertain whether it can be made public, if Mr. Brown is not in a position to produce it.

The WITNESS: Well, I am not. I know that.

By Mr. Flintoft:

Q. It is on your records though, I suppose?—A. Yes. It probably would be a special letter, probably received from Mr. Innes, who is a member of the committee.

Q. It was a telegram?—A. It may have been a telegram.

Q. He was a member of the Committee?—A. Yes.

Mr. FLINTOFT: I think that is all.

The CHAIRMAN: Thank you very much, Mr. Brown.

Mr. SYMINGTON, K.C.: There are a couple of short witnesses here.

Witness discharged.

WILLIAM A. MACKAY, called, sworn and examined.

By the Chairman:

Q. Will you give us your full name, Mr. MacKay?—A. William A. MacKay.

Q. Where do you come from?—A. Nova Scotia; Truro, Nova Scotia.

By Mr. Symington, K.C.:

Q. I understand you are Secretary of the Dairymen's Association of Nova Scotia?—A. Yes.

Q. Are you a member of the National Dairy Council?—A. Interested in the National Dairy Council of Canada.

Q. And you are particularly interested in dairy produce, butter?—A. Butter, in particular from our standpoint, as we are not manufacturing cheese in Nova Scotia, but cheese over the Dominion as a whole, but in my particular case it is more a question of butter.

Q. Now, just say what you want to say to the Committee. Nova Scotia, I believe, is becoming a small exporting Province, as regards butter now?—A. Yes, in this respect, just speaking generally, from the standpoint of Nova Scotia, what interests me particularly in coming up at the request of the Committee is, that Nova Scotia, at the present time, is increasing its amount of creamery butter to the extent that we will be exporting, during the present season, possibly 20 or 25 cars, not a great amount; but the main reason why we are more particularly interested in this is due to the fact that we have had, up to the present time, a consuming population which takes possibly as much butter as we had manufactured, and sometimes a little more. If we have a little surplus of butter, the market that can be established for the larger Provinces, that are now becoming a greater exporting medium, it would result in a better market for our products. I do not think I need go into that. I think that has all been touched on before, has it not, Mr. Symington, the increasing amount of butter being manufactured in the Dominion at the present time.

The CHAIRMAN: We had that, I think, Mr. MacKay.

The WITNESS: That shows this, that we are having an increased amount of butter to export, in Nova Scotia. We are having a little butter go over this year, but we are placed more or less under a handicap in the exporting of butter, and it is this, that our butter would have to come through the port of Montreal, and we are placed under the handicap of that rail haul coming this way, to start with, and with a heavy charge to get it across. That places us in a difficult position, and is a difficult situation for us to meet; in other words, as I have evidence here to show, to place a pound of butter from one of our Nova Scotia stations on the market in Montreal costs us, roughly speaking, 1 cent per pound, and I understand the ocean rate to export that butter would be about $1\frac{1}{2}$ cents per pound, so that it would cost us about $2\frac{1}{2}$ cents per pound to place a pound of Nova Scotia butter on the British market.

On the other side, I have evidence to show that New Zealand butter, according to the data I got of 1924, can come all the way from New Zealand through the English ports and be landed in Halifax at a cost of $1\frac{3}{4}$ cents, or three quarters of a cent per pound less than what we can land butter for on the English market. I am not prepared to say that this can be corrected or not, and I am not prepared to say that anything is radically wrong; I want simply to point out that if conditions can be made more favourable in this respect, that the probabilities are that we can increase production to a considerable extent in the Province of Nova Scotia, and that dairying will increase over the Dominion as a whole, so that a still greater amount of butter can be exported from year to year. We feel that the rates at the present time, as compared with rates previous to the war, are possibly not in accordance with the charges all over. Possibly the companies are prepared to show where they are justified, but as I understand it, Mr. Chairman, to-day it costs $1.50 per hundred pounds from the port of Montreal, whereas in pre-war days it cost 65 cents per hundred

and less. We feel that possibly some reduction could be made, or some effort made to lower these rates, which might not be so much in itself; but in my position, along with the members of the Association that I represent, we find that if they have full confidence that the traffic will be carried on, the farmers will have full confidence also that their products are to be put on the market in the most economical way, and possibly it will give them more enthusiasm to go ahead and produce more stuff, and while it may not be very great the results sometimes are much greater than might be anticipated.

These are just about all the statements that we have at the present time. Just to reiterate possibly what has been given here to some extent by members from the other parts of the Dominion, I wish to put a little special emphasis upon our own Province.

By Mr. Duff:

Q. With regard to the rate on butter from New Zealand to Halifax, will you make that a little bit clearer?—A. The rates from New Zealand to London, Liverpool, New York, Vancouver or Halifax are four shillings and sixpence per box of 56 pounds. At a rate of exchange at about $4.40, this equals about one and three-quarter cents per pound.

By Hon. Mr. Stevens:

Q. With exchange at $4.40?—A. Yes. These figures are dated a year ago. There is a little difference in the exchange to-day, I believe.

By Mr. Symington K.C.:

Q. You have to export via Montreal, the reason being that you have no refrigeration ships out of Halifax in these months?—A. I do not believe there are any refrigeration ships out of Halifax in the summer months, that carry any storage facilities. The next point is, suppose there were ships, butter requires to be well hardened before it goes aboard ship, and there is no provision in Halifax at the present time which will provide that facility; so that if butter were shipped out of Halifax under present conditions to the English market, it would not have a favourable chance of competing successfully with butter through the port of Montreal at the present time. That is a point that I would like to touch upon, but I do not know that it comes under the notice of this Committee.

By Mr. Black:

Q. There are cold storage facilities there; couldn't you use them? The North Atlantic Fisheries have any amount of cold storage facilities?—A. The North Atlantic Fisheries I do not think are in a position to cool butter very readily at the present time. It possibly could be provided now, if there was enough going.

Mr. KENNEDY: There is no cold storage warehouse in Halifax.

Mr. BLACK: No cold storage plants.

By Mr. Montgomery, K.C.:

Q. I understand you really never have had occasion to take up the export problem, from the present point of view; you have not had butter to ship to the United Kingdom—A. We have not shipped anything out of Nova Scotia directly.

Q. Have you inquired whether the Furness-Withy Company were running refrigerated steamers from Halifax during the summer months?—A. No, I have not inquired.

Q. My instructions are that they are?

Mr. KENNEDY: In cargo?

Mr. MONTGOMERY, K.C.: No, because none has been called for.

By Mr. Montgomery, K.C.:

Q. My instructions are that the Cunard Company have several steamers there?—A. I have never heard of them calling there during the summer months.

Q. I am also informed that there is no demand for refrigerator space there, during the summer months?

Mr. DUFF: I think it is on account of them having no refrigeration on the dock. I think the witness can explain that.

By Mr. Duff:

Q. Is that correct, is that right; as I understand it, if boats were there, there are no proper facilities for putting butter on the boats?—A. It would stand a chance with the butter coming up through the port of Montreal.

By Mr. Montgomery, K.C.:

Q. I understand there is not a sufficient demand for export from Halifax to induce either the Government or private enterprise to put in cold storage warehouses for that purpose at Halifax?—A. Probably that is correct.

Mr. BLACK: I do not want to contradict the witness, but I can assure him that there are cold storage facilities there provided by the North Atlantic Fishing Company. They have ample cold storage facilities for anybody who wants to ship from Halifax.

The CHAIRMAN: Mr. Black, can they put butter in cold storage that has carried fish?

Mr. BLACK: With fish? No.

The CHAIRMAN: But within any compartments that have previously had fish?

Mr. BLACK: All their compartments have not had fish. There are no fish stored there. It is not for the storage of fish at all, it is for the storage of general merchandise, farm products.

Mr. MONTGOMERY, K.C.: In any event, I do not know that we can be held responsible for the absence of cold storage docks at Halifax.

The CHAIRMAN: No. We are very much obliged to you, Mr. McKay.

The witness retired.

Mr. SYMINGTON, K.C.: Before going on with the next witness, Mr, Chairman, Mr. Brown has asked me to correct a figure in Exhibit 80, a percentage error which has been pointed out.

The CHAIRMAN: Certainly; he can give his evidence from where he is. What is it?

Mr. SYMINGTON, K.C.: It is simply to correct a percentage on Timothy from 170 to 106, on page 4 of the schedule.

HOWARD B. CLEMES, called and sworn.

By the Chairman:

Q. Where do you come from, Mr. Clemes?—A. Toronto.

Q.: What do you do?—A. I am General Manager of the United Farmers Co-operative Company.

By Mr. Symington, K.C.:

Q. Mr. Clemes, before becoming General Manager of the United Farmers Co-operative Company, you occupied what positions?—A. I have been connected with Flavelle's, Limited, and with Gunns' Limited.

Q. You have been in the produce business?—A. I have been in the produce business a great many years.

Q. How many years?—A. About thirty years.

Q. I understand your main commodity for export is eggs?—A. Yes, sir.

Q. In respect of this Committee?—A. Yes.

Q. Have you the rate you paid on eggs pre-war?—A. Yes, sir.

Q. What was it?—A. We paid 15 shillings for 40 cubic feet, from about 1909 to 1914; that would equal about 9 cents per cubic foot.

Q. And what would that be per dozen eggs, about?—A. There are two and a half cubic feet to a case of eggs, 30 dozen to a case; that is about 27 or 30 cents, I think. 9 cents per cubic foot, and there are two and a half cubic feet to a case; it would be about 24 cents for 30 dozen, about three-quarters of a cent per dozen.

Q. What is the present rate, your 1924 rate?—A. The 1924 rate is 35 cents per cubic foot.

Q. How does that work out?—A. That works out close to 3 cents a dozen.

Q. Do you say to this Committee that the rate from 1909 to 1914 was 9 cents per cubic foot?—A. Yes, sir.

Q. As opposed to the 1924 rate or the 1925 rate of 35 cents?—A. Yes.

Q. Are those exactly the same rates, or is there any difference in conditions?—A. Not that I know of.

By the Chairman:

Q. Are they both refrigeration, or ordinary stowage?—A. Cooled air. Usually they are stored in the fore part of the boat's storage.

By Hon. Mr. Stevens:

Q. How much per dozen did you say, Mr. Clemes?—A. Three quarters of a cent, as against close to three cents; not quite, but that is pretty close to it.

By Mr. Symington, K.C.:

Q. What was the value of eggs, generally speaking, pre-war?—A. I have the values here, Mr. Symington.

Q. Will you give them to us?—A. I have the details here for May 14th.

Q. Do you mean of 1914?—A. For every year since 1910.

Q. Give us the figures, please?—A. In 1910 the value was 19 cents; in 1911 it was 17½ cents; in 1912 it was 21½ cents; in 1913 it was 19 cents, and in 1914 it was 20 cents.

By the Chairman:

Q. Are these prices on a special day in May?—A. Yes; I happened to take one day in May; I have some September ones too.

By Mr. Symington, K.C.:

Q. Now take 1924 or 1925, whichever you like?—A. In 1924 it was 26 to 28 cents. This was Firsts and graded Firsts delivered Toronto.

Q. And are those export eggs?—A. No, May eggs are eggs that would go into storage and are carried over four or five months and then graded out.

Q. Are you giving the prices with respect to the ocean rates?—A. They are comparative prices. Comparative values.

By the Chairman:

Q. Are these the sort of eggs that are shipped overseas?—A. No. I think that these are the eggs that are shipped overseas, but they have to be graded and candled. We would probably add two cents for storage charge; a cent for candling; and say another cent; say five cents to the 20 cent price and five

cents to the 26 cent price; it costs about the same to do the work. We might increase these prices five cents and make an export egg of it.

By Mr. Symington, K.C.:

Q. I understand your company exports for the farmers?—A. Yes.

Q. You are not the owners, you export for them on a co-operative basis?—A. We export for them.

Q. What is your competition in the English market?—A. The main competition on Canadian eggs is Danish and Irish eggs.

By Hon. Mr. Sinclair:

Q. Storage stock?—A. Storage stock. A Danish pickled egg and an Irish storage egg comes into competition with ours.

By Mr. Symington, K.C.:

Q. You are in competition with the Danish pickled and the Irish stored?—A. Yes.

Q. What is the price of the Danish pickled and Irish stored eggs in London?—A. To-day they are quoted about 16/—per ten dozen, 120 eggs. That is about 38 cents delivered C.I.F.

Q. C.I.F., United Kingdom.—A. Yes sir.

Q What are your eggs going into storage here now?—A Our eggs, going into storage here, first about 34 to 35 cents.

Q. Is it your problem to get into the United Kingdom market on these prices you have given us, a 34 cent egg, to meet a 38 cent competition?—A. Yes sir.

By Hon. Mr. Sinclair:

Q. You are not shipping now?—A. No, not until the fall. I have got to add about five cents.

By Mr. Symington, K.C.:

Q. You have to add some charges to the 34 cents?—A. No, that is eggs into storage. I beg pardon, there would be the storage charge and candling out, but that is a graded egg. The prices I gave you first were market prices, daily market quotations.

Q. So that on a pre-war basis of three fourths of a cent a dozen—which I understood you to say was the ocean rate?—A. Yes.

Q. And it is now three cents?—A. Yes.

Q. And you have got to get a 34 cent egg on to-day's prices over there at 38 cents to compete?—A. On to-day's prices we would, yes sir.

Q. Is there a considerable volume of exports from Canada to Great Britain?—A. Yes, there is.

Q. Have you the figures?—A. I have the figures, yes sir. Last year's figures, 1924, were 2,543,510 dozen.

Q. It seems to have declined a good deal?—A. It has declined lately, yes.

Q. Declined from six?—A. In 1920 it was five million. In 1921, six million. In 1922, it was four, in 1923 it was three, and in 1924 it was two and a half million.

Q. The export of eggs to Great Britain from Canada is declining then?—A. Well, yes, it is declining.

Q. And how about the imports to Great Britain, are they declining?—A. I don't know the imports. I could get them, I suppose.

Q. What are these figures you gave me?—A. I gave you the imports for three years.

Q. For 1922, '23 and '24.—A. Yes. 203 million, that is the total imports into Great Britain. Dozens.

Q. So the imports have increased?—A. Slightly.

Q. The imports have increased, you say slightly, from '22 to '24. But not very slightly, 70 millions.—A. From 1922 it is 70, yes, but 1923 is about the same. I could not get the earlier years.

Q. But the Canadian exports are apparently declining?—A. A little, yes sir.

By Hon. Mr. Stevens:

Q. Those Irish imports include fresh eggs.—A. I would think everything would be in the total.

Hon. Mr. Stevens: I have seen them unloading, and I think they include them

By Mr. Symington, K.C.:

Q. You do not attempt to compete in fresh eggs over there?—A. No, our competition in the fall is chiefly against the Danish pickled egg and the Irish storage egg, because it is the storage egg we send over. We do send a few fresh over, Mr. Symington, what is called a harvest egg, in September. That we get a little extra price for.

Q. Have you anything to show from your Association with respect to cattle. Do you export cattle?—A. Yes sir. That is, we don't export cattle, no, but we sometimes buy cattle. We sell cattle for the farmers in there and we sell to the brokers who export.

Q. You sell to the exporters in Toronto, for your clients?—A. Yes.

Q. Have you anything to say about the cattle situation?—A. Well, I don't know anything about the rates, Mr Symington, but I do know that there is a great quantity of cattle being held in the Toronto yard at the present time because they cannot get boats. That is the situation and it is oppressing the trade in the Toronto market. I noticed in this morning's paper there was about 3,000 cattle carried over in the Toronto market, and I would say a thousand of those were export cattle that cannot move on account of boats. Not rates. I want to make that clear.

Q. You do not handle the cattle yourself?—A. No, I don't, only as general manager.

By Mr. Montgomery, K.C.:

Q. Do you think it would be wise then to do anything to discourage the installation of cattle fittings on the boats?—A. Well, we would like to see more space. We would like to see the cattle move when they are ready.

Q. And how would you expect to get that by forcing a reduction in rates?—A. Well, the price over there is pretty high now and they can afford to pay a pretty good price for these cattle. That is just an exceptional condition at the present time.

Q. As far as you know the subject, would you think there is any complaint about the $20 cattle rate?—A. I don't know about the rates. I would like boats to put them in and consequently I guess I would not complain about the rate.

Q. Really the principal thing——A. Is space at the moment.

Q. The principal thing is to do something, whether it be by an adjustment of rates or otherwise, to induce the carriers to provide more cattle space?—A. Yes, sir.

Q. That is really the principal problem at the present time?—A. As far as cattle is concerned, yes.

Q. Now on the subject of eggs. We import from the United States considerably more eggs than we export do we not?—A. I had the imports here a few minutes ago. I did not know I was to get these. I will give you rough figures. The imports for 1924 were six million, against two million exports.

Q. As a matter of fact a great deal of the export eggs going across are American eggs are they not?—A. I would not think these figures include Amer-

ican. The figures I gave you were Canadian eggs. There is a good many American eggs go across.

Q. Can you give a comparison of our imports from the United States as compared with exports to the United Kingdom?—A. 1924. I will give you exports first and then imports. 2,543,510. Imports, 6,454,313.

Q. So we imported nearly three times as many as we exported?—A. In 1924, yes. I cannot give you the imports for 1910, '11 or '12, or those earlier years.

Q. Never mind those. That being the case, we evidently have a considerable domestic market here, have we not?—A. I don't think we have a domestic market for all our eggs. We have not had because we have exported these Canadian eggs.

Q. But we have imported American eggs?—A. Well, the Canadian egg is a better egg than the American. We get more money for it.

Q. Can you give us any explanation as to why the price is so much higher to-day in Canada than it was and why the exports have fallen off?—A. Well, if I answered that question, I would say that our farmer organizations have helped the price of eggs; our pool has helped the price of eggs, yes, sir.

By Mr. Black:

Q. A combine?—A. No, no combine. Just doing the same business as the packers do. Just doing it for the farmer.

By Hon. Mr. Sinclair:

Q. Why have the exports fallen off? Mr. Montgomery asked you that.—A. Why have the exports fallen off? That is rather difficult. I would think, answering it in this way, that probably the production over in the other countries is beginning to be greater. There is not only the Danish eggs and Irish eggs, that is what we really compete with in price, but we get these Russian eggs. There will be more Russian eggs and Egyptian eggs. A cheaper grade coming in on our market.

Q. You think that is the reason the Canadian exports have fallen down?—A. I think that is one of the reasons.

Q. Is not a greater reason that our people at home are eating more eggs?—A. Well, I hope so. We are going to try and teach them to eat more eggs here.

Q. It is a fact, is it not?—A. I have not got the receipts, the production for those years. If I had that I could tell you.

Q. The consumption has increased from 16 dozen per capita, to the present 26 per capita.—A. That will be the other reason then.

Mr. MONTGOMERY, K.C.: Increased from 16 to 26.

Mr. FLINTOFF: They will be asking for a rate westbound on eggs.

The WITNESS: We had a rate westbound some years ago. A rate on eggs and a lot of them were exported there.

By Mr. Montgomery, K.C.:

Q. My friend's question suggested that you were shipping at once the eggs you were purchasing at to-day's prices and comparing to-day's prices in England with that price. As a matter of fact, the eggs you purchase at 34 and 35 cents, you hold for high prices in the fall?—A. Well, those eggs will cost us, ready for export, about five cents a dozen in advance of that. We would not export those eggs until the fall.

Q. And then you hope at least to get the usual higher market for eggs in the fall?—A. Yes, we may have to compete against a little higher price there.

Q. So you are not comparing that price with the price of to-day in the United Kingdom?—A. Well, you cannot compare one against the other.

Q. Now, we have had a resolution tabled in the Committee, and I would like to know whether you would agree with the views that have been expressed

in that. It is from the Montreal Produce Merchants' Association, whose office is in the Board of Trade. It is dated the 17th April, 1925.

> "Whereas the season for the exportation of a large percentage of eggs from Montreal is confined to about eight weeks each year, from approximately the 1st October to the close of navigation:
>
> Whereas the customary export contract stipulates weekly shipment:
>
> Whereas it is necessary to compete in the markets of the United Kingdom with some fifteen different countries:
>
> Whereas the utilization of fast boats, with frequent sailings, is a fundamental necessity to preserve a perishable commodity carried in ordinary stowage, as well as to meet the aforementioned competition:
>
> Be it therefore resolved that the subsidization of steamships would not be of any benefit in the exportation of eggs unless such steamships were on a parity as regards space, speed, and service with the best liners sailing from the port of Montreal, and:
>
> Further resolved that in the event of any subsidy being paid, the export egg trade would be more benefited by the payment of such subsidy, computed on the tonnage carried, to all those steamships engaged in the carrying of this commodity."

A. I don't know that I would like to give an expression of opinion on that. That is a rather difficult question to answer. I cannot answer that, Mr. Chairman. I would not like to say yes or no to that, Mr. Montgomery.

Q. You have had to do with the meetings of the Conference Committee from time to time, of the Liner Committees?—A. Yes, sir.

Q. Have you any radical objection to that method of dealing with rates?—A. No, sir, I do not think I have, if I can win out.

Q. Compare that with a system such as the open rate system, where the lines are in competition with one another, and you have to go around from line to line each time to find out what rate you can get, which, from your point of view, is the preferable system?—A. I would prefer the stated rate, because we sell futures, if that is what you mean.

Q. Then your complaint is not against the Conference system in any way?—A. My complaint is that we did pay nine cents and we now pay 35 cents.

Q. You have told us that, but all that I wanted to get, Mr. Clemes, is that you want a stabilized rate?—A. Yes. I am speaking personally, but I would prefer stability of rates, because of selling futures.

Q. And would you prefer that all lines should be the same at a given time?—A. Yes, I think I would.

By the Chairman:

Q. You would like to have stability at a somewhat lower level?—A. That is right; that is the big question.

Mr. MONTGOMERY, K.C.: I am sure we all would.

By Mr. Montgomery, K.C.:

Q. I understand that your committee, or the Egg Committee, met with the Conference or the Canadian Liner Committee in June, 1924?—A. Not that I know of, Mr. Montgomery. I was not there, anyway.

Q. I see in the Canadian Liner Committee minutes of June 1924, filed as Exhibit 12, E, the following entry:—

> "*Eggs.*—Reference was made to meeting held in the Committee Room of the Board of Trade with representatives of the Canadian Produce Association, Mr. Clinton Henderson presiding."

Who is Mr. Clinton Henderson?—A. A Montreal man. It must be a Montreal committee, I suppose.

Q. Is he an egg man?—A. He is a broker there; he ships eggs, yes.

Q. "Careful consideration was given to the representations of the shippers asking for reduction in the present rate on eggs, viz: 35 cents per cubic foot. It was pointed out that the rate in itself was not considered unreasonable on the statement of shippers that the cost of eggs laid down in British ports was 38/39 cents per dozen, while the ocean freight included in same only amounts to less than three cents per dozen. The reduction asked for, viz. 10 cents per cubic foot, would amount to a fraction of a cent per dozen, and it was not thought by the Canadian lines that this could have any material effect on the marketing of the eggs in Britain. On the other hand, the Canadian lines are confronted with increased operating costs. Recent increases had to be granted for stevedoring on both sides of the Atlantic and the lines are now called upon to pay heavier wages to the crews, which will amount to hundreds of thousands of dollars to each line during the coming year. With these increased costs the liner services are now being maintained at a heavy sacrifice to the steamship owners, and they cannot afford to make any reduction in the rate".

You say you were personally not present at that meeting?—A. I was not present at that meeting, no sir.

Q. I see it is apparently a meeting held with the produce people in reference to eggs, in the Committee Room of the Board of Trade in Montreal. —A. I would gather that was some Montreal exporters themselves. I think I would have heard of it if some of the western men had been down.

Q. Have you any particular complaints about the service which has been given to you by the liners?—A. No sir, I have not.

Q. Do you export directly or do you ship to Montreal for resale to exporters? —A. We ship to Montreal and ship direct to importers there.

Q. I did not put my question very clearly, but I wondered whether you exported directly or whether you sold to exporters, say at Montreal.—A. No, we ship direct to importers in the Old Country, in Great Britain, deal direct with the Great Britain houses.

Q. Have you made any complaints, any recent complaints, to the steamship companies about rates?—A. No sir.

Q. You are living with the present rates?—A. Having faith.

The CHAIRMAN: Have we any further questions to ask the witness?

By Mr. Kennedy (Glengarry):

Q. In reply to a question put by Mr. Montgomery in respect to the cattle end of your business, you stated that the big question at the present time with that business was the question of space, not of rates?—A. I said I was not familiar with the rates, Mr. Kennedy; I am familiar with the carry-over that is at the yards, and I could not say anything about the rates. I do not know whether there is any difficulty about the rates or not.

Q. You said the big question was that of space?—A. Yes, to get space for the cattle being held in the Toronto yards.

Q. Is that usual, or is it only temporary?—A. I often hear complaints of that sort, but I think it is more so at the present time.

Q. The reason I ask you is that the steamship companies have given evidence here to the effect that in the last couple of years many of their boats have gone practically half-loaded with cattle; a boat that could carry 400 would have 200 or less, or sometimes more.—A. I could not answer that, really; I could not dispute that, because I do not know.

Q. It is not a usual condition with you?—A. No, I do not think it is a usual condition, but it often happens.

The CHAIRMAN: Are there any further questions? I am sure we are very much obliged to Mr. Clemes, and I will tender him the thanks of the committee and discharge him.

The witness retired.

The CHAIRMAN: Now, gentlemen, it is five minutes to six, and it is hardly worth while starting another witness. Perhaps we had better decide about to-morrow.

Discussion followed.

Mr. FLINTOFT: Mr. Chairman, while the other Counsel are discussing matters between them, there were just two or three questions I wished to ask Mr. Brown, as he will not be here another sitting, and I would ask permission to recall him.

The CHAIRMAN: Certainly; we will usefully employ our time. Will Mr. Brown resume the witness stand for a moment?

STEWART BENJAMIN BROWN recalled.

By Mr. Flintoft:

Q. Mr. Brown, you have had no particular complaint, as far as your Association is concerned, as to the nature of the consideration given to any representations which you have made to the steamship lines?—A. You mean as to any individual complaints?

Q. Or general?—A. I might say—

Q. I mean, you may not have agreed in the result, but you have had no complaint as to undue consideration being given, or the steamship lines declining to consider representations?—A. No, they have never declined to consider representations, and we try to work directly with the steamship companies and railway companies on all transportation matters, to the last degree. If we cannot get results there, we go elsewhere.

Q. As a matter of fact, your Association is very similar to that of the steamship companies, is it not?

The CHAIRMAN: That is a very dangerous question to ask this young man.

The WITNESS: I do not know that I want to say that. If you mean have we anything to do with prices, I will say right now we have not anything to do with that at all.

By the Chairman:

Q. You are not in conference on prices?—A. Absolutely not.

By Mr. Flintoft:

Q. You seek to advance the interests of the trade?—A. Absolutely.

By the Chairman:

Q. But you do not seek to eliminate competition between your members?—A. We have nothing to do with that at all.

By Mr. Flintoft:

Q. And as far as you are concerned, you would not wish to see any action taken which would result in the steamship companies carrying on business at a loss?—A. If the result would be an impairment of the service, absolutely not.

Q. But as a matter of principle, you do not believe in anybody carrying on business at a loss, do you?—A. I do not think they should, no.

The CHAIRMAN: Have you any more questions to ask Mr. Brown?

By Mr. Flintoft:

Q. Mr. Brown, I suppose you would recognize that if a certain part of the traffic—if it was impossible to increase the rates on certain portions of the traffic and it was necessary to make up increases in operating expenses, the other classes of traffic would have to bear the burden?

Mr. SYMINGTON, K.C.: Is this question put to the witness as an expert?

Mr. FLINTOFT: Yes, he is a traffic expert.

The WITNESS: No, I am not a traffic expert at all.

By Mr. Flintoft:

Q. You have given evidence as a traffic expert on many occasions?—A. No, I must differ with you there. You know very well, as Mr. Lanigan would say, there is no such thing.

Q. I know there is some objection to the term; it is perhaps an invidious one. Now, Mr. Brown, as a matter of fact it has been shown here that the grain and flour rates are practically what they were pre-war, and it is impossible to increase them. If that is the case, I suppose you would not quarrel with the slack being taken up in some other direction? Is it not inevitable that the other classes of traffic must bear that?—A. The steamship companies, if they feel that it is necessary, of course, do that, but naturally, if we had any complaints as to any particular rate on a commodity that was in that class that you raise, we would endeavour to get it down.

Q. Oh, certainly; you would get it down; you have got it down on many occasions?—A. Yes, we have succeeded.

Q. Where the rate has been unfair on any particular commodity, the steamship companies have given it fair consideration, and if they felt it was justified, they would reduce the rate?—A. There are some cases where we do not agree with that particular point, but I may say we have cases where we have received a reduction to practically the amount we asked for, and certain business has developed from that, proving we were right in our proposal.

Q. You are continually having communications with the steamship companies along these lines?—A. Yes.

By Mr. Kennedy (Glengarry):

Q. Is it true that a reduction of rates does develop business?—A. We have had certain cases which we have submitted to the steamship companies, where that has been proven to be the case.

The CHAIRMAN: Now, if we have finished with the witness, we will thank him again for his evidence. I would like to have everybody decide when we shall meet again.

The witness retired.

Discussion followed.

The Committee adjourned until Friday morning, May 22nd, 1925, at 11.00 o'clock a.m.

PARLIAMENTARY SESSION, 1925

Special Committee appointed to consider the

Resolution

to Give the Government of Canada Control over Certain Ocean Rates

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Proceedings of the Committee

No. 20—Friday, May 22, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee.

Messrs. George H. Montgomery, K.C., E. P. Flintoft, C. Russell McKenzie, for the steamship companies.

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. David Hosie, Director, Donaldson Brothers Limited, Glasgow, Scotland (*Concluded*).

Mr. Gordon Wallace Scott, Chartered Accountant, Montreal.

Mr. Walter Maughan, Steamship Passenger Traffic Manager, Canadian Pacific Railway, Montreal.

Mr. William T. R. Preston, Gentleman, Ottawa (*Continued*).

EXHIBITS

No. 83—Letter from the Treasurer, Anglo-Canadian Leather Co., Ltd., Montreal, giving the value of leather (per pound) exported for the years 1912, 1913, 1914 and 1924 (read into evidence).

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
COMMITTEE ROOM, No. 277,
FRIDAY, May 22, 1925.

The Committee met at 11 o'clock a.m. the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Johnston, Kennedy (Glengarry), McKay, McMaster, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork—12.

A letter received from the Treasurer, Anglo-Canadian Leather Co., Ltd., Montreal, giving the value of leather, per pound, exported for the years 1912, 1913, 1914 and 1924, was ordered to be filed as Exhibit No. 83.

Mr. David Hosie, Director, Donaldson Brothers, Limited, Glasgow, Scotland, who was in attendance, was called, sworn, examined and retired.

Mr. Gordon Wallace Scott, Chartered Accountant, Montreal, who was in attendance, was called, sworn, examined and retired.

Mr. Walter Maughan, Steamship Passenger Traffic Manager, Canadian Pacific Railway, Montreal, who was in attendance, was called, sworn, examined and retired.

The Committee adjourned at 1 o'clock p.m. to meet again at 3 o'clock p.m. this day.

The Committee reassembled at 3 o'clock p.m. the Chairman, Mr. McMaster, presiding and with all the Members of the Committee who attended the morning session present.

Mr. Walter Maughan, who was again in attendance, was further examined and was discharged from further attendance.

Mr. W. T. R. Preston, who was again in attendance, was further examined and retired.

The Committee adjourned at 5.45 o'clock p.m. to meet again at 3.30 o'clock p.m. on Tuesday, May 26, 1925.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,
HOUSE OF COMMONS,
FRIDAY, May 22, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 11 o'clock a.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The Committee will please come to order. I received from Mr. Alexander, a letter in which he sent me copies of his invoices for the years 1912, 1914, 1915, 1919, 1920, 1923 and 1924.

(The letter read).

Mr. MONTGOMERY, K.C.: I think inasmuch as the letter from Mr. Alexander has been read, the one from Mr. Preston to Mr. Alexander should also be read.

(The letter read).

The CHAIRMAN: We will extend neither of these letters in the record. They are just there for the information of the Committee. There is a letter from Herbert T. Shaw, Treasurer, Anglo Canadian Leather Company, furnishing supplementay evidence of the value of leather exported, which will be filed as Exhibit No. 83. There is nothing confidential about it. It reads as follows:—

"Montreal, Que.,
May 21, 1925.

ANDREW MCMASTER, Esq.,

Chairman House Committee on Ocean Rates, Ottawa.

DEAR SIR,—As requested, I give below the value of our leather carried by the Atlantic lines at various periods. Value is cents per pound f.o.b. Montreal: to find value in British port, add the freights for the years in question.

Figures prior to 1911 are not given, only for the reason that they are not quickly available. We could compile them if theye were of any value.

12	months ending	June 30, 1912,	21.8	cents per pound.
12	"	30, 1913,	26.6	"
12	"	30, 1914,	26.1	"
12	"	30, 1924,	25.4	"
6	"	Dec. 31, 1924,	23.9	"

Yours truly,

(Sgd.) HERBERT T. SHAW,
Treasurer, Anglo Canadian Leather Co., Limited."

Now, who is the next witness?

Mr. MONTGOMERY, K.C.: I would like to get through with Mr. Hosie, if we can. Mr. Marlow will be ready in a few minutes. He is waiting for the boy, with the figures.

2922—1½

DAVID HOSIE recalled.

By the Chairman:

Q. You have already been sworn?—A. Yes.

The CHAIRMAN: Who is going to examine Mr. Hosie, Mr. Symington?

Mr. SYMINGTON, K.C.: Mr. Chairman, in view of the evidence that has been given by the others on these questions, the auditor tells me there is really no object in pursuing the matter further. He has not got the information he requires to make the comparisons, and I think it is a waste of time. If Mr. Hosie wants to make any reply to the questions which were put to the other witnesses, the answers to which the Committee has heard from the two accountants, it seems to me he can do so, without wasting the time of the Committee; he can give his answers to the auditor. I do not like to stand up here and continue putting these questions. I do not think it will do the Committee any good. They have been gone over twice already.

The CHAIRMAN: Is it understood clearly that Mr. Hosie will leave these accounts? He wants to have them typewritten, I understand, and as soon as they are typewritten he will hand the answers to Mr. Scott.

By Mr. Symington, K.C.:

Q. Is the stock of the Anchor or the Anchor-Donaldson quoted?—A. No, both are private limited companies. There is no public quotation.

Sir HENRY DRAYTON: You could not get it there, but there are lots you can get.

Mr. SYMINGTON, K.C.: Furness-Whitby, I understand, is a public company, but all their subsidiaries are private.

Sir HENRY DRAYTON: There is the International Mercantile Marine.

Mr. MONTGOMERY, K.C.: I think that has been put in.

Sir HENRY DRAYTON: In the first instance, you were asked to produce the annual statement for the years 1923 and 1924, but I was now asking the question as to evidence of the stock, and the sales of stock if any that have taken place, whether at a premium or a discount.

Mr. MONTGOMERY, K.C.: I think all that was filed with the balance sheets for the years asked for; one of the last questions on the original questionnaire.

GORDON WALLACE SCOTT Called and sworn.

By the Chairman:

Q. Your name, sir?—A. Full name: Gordon Wallace Scott.

Q. You are a chartered accountant?—A. Yes, sir.

Q. And you come from Montreal?—A. Yes.

Q. You have been practising your profession for how long?—A. A great number of years; fifteen or eighteen years.

Q. Now Mr. Scott, I wish you to tell us just how far your investigation has proceeded into the accounts which have been submitted to you, and what, if any, further information you feel you should have in order to present the most helpful summary or abstracts which you can for this Committee?—A. I started out with this objection in mind: I wanted to treat those accounts on the basis that I was going to purchase one of these lines and arrive at the profit I would expect as a return on any capital I was going to invest in it. I ran against this difficulty: I found that there were managing companies in some lines, and that the classifications were different in other lines, and when I put them together I could not get a true picture of the situation without knowing

the details of the individual items. Then there were two or three of these companies gave me balance sheets, and the items were amalgamated and bulked in these balance sheets in such a way that I could not tell what the details were. That has been my main difficulty. Another difficulty I had was when I came to compare the ratio of expense to income, from one company to another, they would fluctuate; taking the management charges, they fluctuated anywhere from three per cent to sixteen per cent. I have not been able to get an explanation that has been satisfactory to my own mind, with the exception of the case of the C.P.R. where I had full access to anything I wanted and I had two of our chartered accountants testing their voyage accounts, and I have nothing to complain of the information there.

Q. You might indicate just what you have to submit for us.—A. I will have to submit to you the combined freight receipts on cargo boats, less the total expenses on cargo boats, showing the profit or loss for the years 1923 and 1924. I have also taken the passenger-cargo boats and I have shown the total freight receipts, the total passenger receipts, the total mail and other receipts, less the total expenses of operating a passenger cargo boat.

I have also endeavoured to draw up a statement, using those same receipts, and taking all the expenses of handling freight or handling passengers where it was indicated as such, and apportioning the balance on the basis of the freight receipts; which I am not satisfied is the best way of doing it. There are numerous other ways of handling it, but that is one way of trying to arrive at it.

By Sir Henry Drayton:

Q. Just at that point, how do you pro-rate the expenses? There are certain common expenses, how do you pro-rate them?—A. What I have done, Sir Henry, is simply, I have taken the total freight receipts and applied the ratio they bear to the total passenger receipts in the hope that that will give you some kind of picture. I am not satisfied that that cannot be attacked.

Q. Your ratio depends on the ratio fixed between the different earnings in each activity and the general result?—A. Yes.

Q. Which might mean something or nothing?—A. That is quite so. For instance if I were able to classify each expense—if I knew when I was putting down "Management and sundries" that every item contained in those figures was under the same heading, then I would feel satisfied that it was a perfect comparison.

By Mr. Symington, K.C.:

Q. To explain that; as I understand it, you have not taken the total expenses of those boats and apportioned them in that way; you have been able to apportion certain straight expenses.—A. That is where they were indicated. But in some of these passenger-cargo boats, the statement we got from the other side did not indicate anything of that kind. If it was not indicated, I could not use it.

Sir HENRY DRAYTON: It would not be very valuable anyway, because there is a lot that cannot be indicated.

Mr. SYMINGTON, K.C.: Quite so; there is a balance over.

By Hon. Mr. Stevens:

Q. How would you distribute the fuel accounts in the passenger and cargo boats?—A. I don't know.

Q. It cannot be done?—A. I would not say it cannot be done. I would say this, it can be done, but I do not know of any way that some person could not argue that there is some flaw in it.

Q. What I am coming to is this: we will assume that because it is a passenger and mail boat, it must arrive on the other side on a given date; that would require its maintaining a given speed, because of the existence of passenger and mail, and not because of cargo.—A. Quite so.

Q. If it make a speed of say two knots above its normal speed, in order to keep its schedule, that would mean the consumption of a tremendously increased quantity of coal?—A. That is true.

Q. You could not charge up therefore a division of that against the freight? —A. That is perfectly true.

Q. The point is that the existence of passenger and mail business would make it virtually impossible to distribute the cost of fuel fairly as between freight and passenger traffic.—A. I thought of two methods, and then I discarded them because I could find flaws in them. First of all I thought one might take a passenger-cargo boat as being primarily for passenger service, and if that be the case the cargo carrying part of it is a sort of by-product and could be treated as such. There were objections to that, because the shipper probably gets some advantage by the speed of the boat and I could see very well that my position would not be very comfortable if I wanted to take a definite stand on that.

Then again, I thought of taking the average cost of carrying cargo in all these cargo boats, and applying that as the cost of carrying cargo on a pasenger-cargo boat, but as I could not get the cost, they did not know the tonnage or cubic measurement, or any common factor, I had to discard that.

By Mr. Montgomery, K.C.:

Q. That would be rather unfair because if you took that cost and applied it to an express boat, it is to a different class of cargo.—A. With this exception, that I think it is pretty well proven Mr. Montgomery, that the better class of cargo, the better paying cargo, is on these passenger-cargo boats.

Mr. DUFF: You would have to let every ship sit on its own bottom.

The WITNESS: To get anything that is beyond any attack at all seems almost impossible.

Hon. Mr. STEVENS: Well, Mr. Chairman, having regard to this statement by Mr. Scott, is not our chief desire to secure the costs of handling freight by these lines, by these freight cargo boats, from Canada to the United Kingdom and continental ports, and to weigh the said costs as against the freights charged? That is, our business is to determine, as far as we are able to, whether or not a fair rate is being charged. I do not think a hypothetical division, shall I say, or estimate of the earnings on freight in a joint passenger and freight vessel is really of any very great importance.

Mr. DUFF: No.

Hon. Mr. STEVENS: What we want to know is the one thing, are these freight liners in their business charging too high rates? The tramp vessel we always have. It might be all right to have Mr. Scott's comparison of them, but that would be too long an investigation to follow up. If we can get particulars regarding the liner cargo boats, it seems to me that that is about all we want for the purposes of this Committee, and I would like to suggest this, that Mr. Scott, as our accountant and adviser, should consult along that line, because we have not really investigated the passenger business here; we have not asked for witnesses and evidence regarding passenger traffic.

The WITNESS: It was not a question of getting at the passenger traffic. It was rather a summarizing of the accounts in these companies, the difference between eastbound and westbound traffic.

Hon. Mr. STEVENS: I was going to add to that a suggestion as to where the division should be,

The WITNESS: I think 50 per cent of it has been indicated, that is, on passenger cargo boats, and you can draw your own conclusions when you see the division.

By the Chairman:

Q. Well now, Mr. Scott, will you intimate to us what other lines of investigation you would like to make, had you the necessary information available, that you think would be of value to you?—A. I would like to have information definitely of the loading, if any, in the expense account of any of these lines that have been handed to me. As an example, without disclosing a name, I find what they call an Establishment charge, which is increased from I think it was 5 per cent up to 14 per cent in one year, amounting to a difference of nearly half a million dollars, and no explanation for it. I cannot give an explanation of it. A thing like that places a chap on his guard. I do not know whether it is right or whether it is wrong.

By Mr. Duff:

Q. What did you say, Mr. Scott; we could not hear you?—A. I said there was an increase in what they called an Establishment charge which, if you had it figured out in dollars, would approximate half a million dollars from one year to another; in other words it looked as if when 1923 was a seemingly unprofitable year they did not charge so high an Establishment charge, while the following year, which seemed to be a better year, they put on a higher charge. This line has all kinds of other services, and it may be perfectly all right; I am not prepared ot say whether it is correct or not, without having some knowledge of what it contains. These are some of the figures I am up against.

By Sir Henry Drayton:

Q. Is that shown in the voyage account?—A. No. On this particular line I did not get voyage accounts; all I got was simply a statement of the result of the voyage accounts.

Q. If you had the voyage accounts, which were not prepared for the purposes of this investigation, don't you think for our purposes that they would be sufficient to go ahead on?—A. Yes, sir Henry (Drayton) provided we knew. You probably will agree with me on this, that if I am operating a colliery, managing a firm, or something like that, say a brokerage firm—I am not saying that this does exist—but in some of these cases the percentage has placed me upon my guard. It is not an unreasonable thing to find out whether these are legitimate charges or not. The object of the questionnaire all the way through was that if I could get a statement signed by these gentlemen, showing that these things did not exist, I would file their answer with my report, and say that, based upon their signatures, this is my result.

Q. But in the ordinary charges do you find any extraordinary items?—A. I find extraordinary variations.

Q. Do you find differences in items?—A. Yes. The differences show up in three different ways; they show up on the percentage to income; that might be criticised; then it shows a difference in the voyage itself.

Q. Do you know the details?—A. I do not know the details. If I knew the details, I would know whether there was a difference or not. They fluctuate very much.

Q. But have you run across anything which would justify the thought that these people were trying to deceive themselves as to the result of their voyages? It may be that their system of bookkeeping is wrong; but have you run into

anything which would indicate to you that these people were fooling themselves by putting in improper voyage accounts for their own purposes?—A. You mean, have I anything definite that would make me say to this Committee that I thought these accounts were false. I have not; I have never suggested that, not for one moment.

Q. Would it be safe to say that for our own purposes we would take these voyage accounts, get the results and see whether those results jibe with the statement; if you cannot do that within a dollar here or there, you can tell us whether there was a success or a failure by putting the whole of the voyage accounts together?

By Mr. Duff:

Q. You have their annual statements?—A. I have been able to do that in two cases, but in other cases I have not got the annual statements.

By Hon. Mr. Stevens:

Q. Let me ask you these few questions, Mr. Scott; take this composite sheet of several voyages, a number of voyages, and the accounts, or statements of voyage accounts submitted to you, would you mind stating this; are the port charges for instance fair?—A. There is a heading "Port Charges," so much money.

Q. I think we can clear this up pretty well. If Mr. Young, Mr. Middleton, Mr. Hosie, or any of these gentlemen state that that is Port Charges and nothing else, that would satisfy you, would it not?—A. Yes. When I put out that questionnaire all I wanted Mr. Middleton, Mr. Hosie or Mr. Thompson to do was to come and tell me that there was nothing in there except legitimate Port Charges, and in reference to this case I could have imagined something like that, based upon the information these gentlemen could have given to me.

Hon. Mr. STEVENS: I think Mr. Montgomery ought to produce just such an assurance.

Mr. MONTGOMERY, K.C.: We have done that. Either Mr. Middleton, Mr. Hosie or Mr. Thompson is prepared I suppose to give the same assurance.

The WITNESS: We made an exhaustive test of the C.P.R.

By Mr. Montgomery, K.C.:

Q. You have had free access to every book, have you not?—A. Yes. I have no complaint of the C.P.R. at all.

Q. That would only leave those not represented here?—A. You see my position. If you employed me to go and check some man's cash, and I came next day and told you that he said it was all right, and I told you that that was the way I checked it, I am sure you would not be satisfied.

By Hon. Mr. Stevens:

Q. That is exactly where I think there is a difference of opinion?—A. And that is what I would like to get cleared up.

Q. If we had asked you to audit these accounts of the steamship companies, I would expect you to say that you had checked every document, every voucher and so forth. But that is not what we are expecting. We have the audited accounts submitted. Now, assuming that these audited accounts should be submitted to us, you should ascertain whether or not the responsible auditors who certify to these accounts—what I mean is that you cannot certify to port charges without having a check upon these port charges?—A. What is expected is that I should make a mathematical calculation, and tell you the result from that?

Q. Just what you were referring to a few moments ago?—A. But using a certain amount of judgment on these items.

Q. We will take port charges first?—A. Start with the revenue, and ask me questions from there. Ask me first of all, do I know in Exhibit 35 whether this is gross revenue? I know as a matter of fact it is not. I know there is commission deducted in some cases, before the revenue is shown.

Q. It is subject to such things as commission?—A. Yes.

Q. There is commission?—A. I know there are commissions.

Q. Is the revenue all right, Mr. Scott?—A. I have two cases where there are deductions from revenue. I found those out in the course of examination, and then it occurred to me, are there other cases where these deductions have taken place, where they are not commissions?

Q. Have you requested that explanation?—A. I have it in the questionnaire. I asked that question, to clear my mind upon that point.

By the Chairman:

Q. If I might suggest, please read the question you asked?—A. I asked if the amount shown as inward and outward freight disclosed the amount collected from the consignees and whether brokerage or commission was deducted. That question arose out of simply knowing that two of the companies had made those deductions.

By Sir Henry Drayton:

Q. We have it here that in some cases the commission is taken off?—A. Yes, quite so, and that is the point that struck me when I got down to the Managing Commission and Brokerage Commission. I have a net amount in one case and a gross amount in another.

By Hon. Mr. Stevens:

Q. A brokerage commission is not only a justifiable but an ordinary way of doing business, is it not?—A. Yes, but if we intend to show up all brokerage commissions, we should show them all.

Q. Subject to that reservation, is the Revenue account satisfactory to you?—A. I do not doubt any of these accounts. I am taking the same basis as anybody else would; when some person comes along and presents something and says it is right, I will take it as being correct, subject to the answers put here and to what I had in mind when I put the questionnaire.

Q. Let us come down to the operating expenses; can you get from the statements submitted what you might consider a fair statement of port charges?—A. Not that I am willing to take the responsibility for, beyond the mathematical accuracy of it.

Q. Not if these men will declare and swear that they are correct?—A. We have only four of them here declaring it, and I am to give you a consolidated statement of them all.

By Mr. Montgomery, K.C.:

Q. Four did it?—A. But there are six or seven; I think there are seven altogether.

Q. You have the certificates of everybody who is in this?—A. Quite.

Q. The others you cannot examine, because they are not here?—A. It is not that I am casting any doubt upon these figures, but I do not want to come along and take the responsibility for them, beyond their matehmatical accuracy.

By Hon. Mr. Stevens:

Q. You have most of the companies here?—A. Yes.

Q. You can take such companies as you have, and judge from the statements submitted by them?—A. I can do that.

Q. The same thing applies to fuel; their statements are complete as regards fuel?—A. Do you mean, have I seen any of these statements?

Q. It is a question whether you would accept some of these entirely and say that they are absolutely correct. Here is an example, probably the best we have got; you take this and see if it is satisfactory; you have the accountant here, and you can ask him for explanations. Looking over one of these statements, such statements as are not clear—and I quite admit that they would not all necessarily be clear to you—but could you not get satisfactory explanations from the accountants present on such statements as are not clear?—A. You heard the two answers to the questions that I put. You heard one of them, and you will agree with me, if you have practised accounting, that you will not take a profit and loss account without a satisfactory verification of a balance sheet showing the itemized account.

Q. Certainly not, if I am the auditor. But what I am trying to get, Mr. Scott, and what I want the committee to understand as far as I am concerned, is that you are not asked to audit the accounts of these companies; you are asked to review their statements, and insofar as the statements need explanation, the accountants are here.—A. I quite understand that I am not asked to audit the statements of these companies, because that would be a very very long task, and we would never report to this committee, and I have not in any way attempted to do that, but what I have attempted to do is use my judgment on certain items that struck me as being out of line with other companies.

Q. Take this as a test case. Here we have a voyage account of a vessel. It makes a statement here; there is a statement submitted, "running costs, wages, £48."—A. I tell you if I had every one like that, Mr. Stevens, I would have absolutely no complaint. You have picked the very best one.

Q. I did not pick it, you did?—A. I picked it, and I told you it was the best.

Q. What I mean is, if there are any which are not satisfactory, put your accountants on the stand either here or before you, and ask for the explanations. —A. I have asked for them here.

Q. I thought some of your questions went too far; they went back to checking the vouchers?—A. No, I do not think so. For instance, you must have had it in your practice, where you have one company that buys supplies and charges a commission for buying supplies. Is that a legitimate debit, when you are trying to arrive at a profit and loss statement in a thing of this kind?

Mr. MONTGOMERY, K.C.: That very question may be put to Mr. Hosie. He is right here, and that would clear it up.

By Mr. Montgomery, K.C.:

Q. When can you make your report, Mr. Scott, on the information which you have?—A. I would have it ready for the next sitting, I think.

Mr. MONTGOMERY, K.C.: When we have that before us, if there are any figures Mr. Scott wants to lay emphasis upon——.

Mr. DUFF: I do not understand why the steamship auditors and the steamship solicitors do not give Mr. Scott, if it is possible, all the information they can. Why do we have to talk about this day after day? It seems to me they are prejudicing their case by not giving all the information they possess. Why do they hide anything, or keep it back?

Mr. MONTGOMERY, K.C.: I do not think Mr. Scott suggests any of the companies have shown a disposition to hold anything back or to hide anything. The difficulty, I think—if there is any difficulty—is that we have no representatives here from two or three of the groups.

The WITNESS: I think, Mr. Montgomery, I might put it this way, to make it perfectly clear. If the steamship companies, each individual one of them, wanted to sell me their business, what I wanted to get was the kind of statement that they would put up to me. They might say, "Well, this management charge; when you get it you will be able to cut it out, because you can do something different, and the brokerage charge might be dealt with differently." That was my original idea when I embarked upon this.

Mr. MONTGOMERY, K.C.: What we may come down to, if I may make this suggestion, is that when we have the statements before us, showing a big profit or a big loss, so big that a little variation one way or the other would not make any difference, we might think it a waste of time to go into details, but I think it would be very much more intelligently done if we had Mr. Scott's report before us.

Mr. DUFF: It seems to me that if I were a steamship auditor or solicitor or agent here, I would give all the information to Mr. Scott I possibly could.

Mr. MONTGOMERY, K.C.: That has been our effort.

Mr. DUFF: Then what is the trouble?

Mr. SYMINGTON, K.C.: I was wondering why the discussion. We have submitted what the auditor wants and answers will be made in writing in accordance with the directions of the committee. Mr. Scott will bring in his report next week, and submit himself to cross-examination.

Mr. MONTGOMERY, K.C.: There was a questionnaire addressed to the Cunard Line two weeks ago, and Colonel Gear immediately forwarded it to the Cunard Line in England, so every effort has been made as far as we are concerned to get the information.

Hon. Mr. SINCLAIR: Forwarded by mail?

Mr. MONTGOMERY, K.C.: Yes.

The CHAIRMAN: Then we will leave aside for the moment the examination of the accountant, and we will proceed with another item of business. Mr. Hosie will turn over at the very earliest moment possible the written answers to the questions put by Mr. Scott. I thank both Mr. Hosie and Mr. Scott. Now, we will take another witness.

WALTER MAUGHAN called and sworn.

By the Chairman:

Q. What is your full name?—A. Walter Maughan.

Q. Where do you live?—A. Montreal.

Q. What is your occupation?—A. Steamship Passenger Traffic Manager, Canadian Pacific Railway.

Mr. MONTGOMERY, K.C.: My learned friend has asked that we put in evidence as to immigration. That is the purpose of calling Mr. Maughan.

By Mr. Montgomery, K.C.:

Q. How long have you been with the Canadian Pacific Railway, Mr. Maughan?—A. 30-odd years.

Q. Now, a question has been asked as to whether or not the rates which are charged by the company are excessive, or as having the effect of stifling immigration. I would like to have your point of view, first, upon that, and upon the extent to which you are interested in immigration?—A. Might I say at the outset that I do not think any other institution in Canada can be as keenly interested in colonization and in the influx into the Dominion of Canada of a large number of immigrants. We have, in approximately the last 25 years, spent $70,166,000 in colonization.

By Mr. Rinfret:

Q. In how many years?—A. In approximately 25 years. Approximately 75 per cent of that amount which I mentioned, has been spent in the past fifteen years; deleting the four years of the war and the next year's conditions consequent to the war, we have really spent 75 per cent of that amount in the last 10 years. The Administrative Department of our Colonization Department is in Montreal. We have overseas branches with headquarters in London, England, and agencies and representatives throughout the United Kingdom; representatives on the Continent in all countries where the governmental regulations will permit colonization representatives to function. We have a branch office in Winnipeg, and another one in Calgary, to look after the Prairie Provinces, receive the settlers, see that they are properly started, and look after them after they get started. The amount of money I mentioned as being spent by the company I represent is entirely apart from other large sums of money that we have spent in trying to develop traffic, such as another overseas organization, advertising and other incidentals. The money has been spent mostly in Canada on ready-made farms, turning waste lands into fertile lands, by means of irrigation, and so on. One expenditure alone was for the large dam at Bassano, Alta., running into millions of dollars. Now, it is hardly reasonable to suppose that a company such as mine spending that huge amount of money, would put immigrant fares up to the point where they would prohibit immigrants entering this Dominion. If we thought for a moment that high rates would make our investment in the West a dead one, you can rest assured the rates would be lower.

By Mr. Duff:

Q. How does the company recoup itself? You say they have spent this large sum of money. How do they recoup? Is it chargeable in the fares charged to the immigrant?—A. Not one cent of it, sir.

Q. None of it is charged in the fares of the immigrants?—A. No.

By Mr. Montgomery, K.C.:

Q. You are looking for the development of the territory through which your long line of railway passes?—A. The matter of ocean services feeding our railway, getting the country settled, and the consequent freight and passenger business that will move, is, I might almost say, the life-blood of the company,—the means they have of getting revenue. We try to build for the future, and if we are not successful, I am almost constrained to say that the Dominion of Canada cannot be successful, as our interests are almost identical.

By Mr. Shaw:

Q. Where are these agencies in Europe, of which you spoke, outside of the United Kingdom?—A. In Hungary, Czecho-Slovakia, Jugo-Slavia, the Scandinavian countries, and I think, Russia. I am merely speaking from memory, without the book, but that is a general idea of how they are scattered throughout the Continent.

Q. How about Poland?—A. Just at present the lines have not even got a traffic concession from the Polish Government. We had one, and the matter is now under negotiation as to whether it will be renewed or otherwise.

Q. How about Belgium?—A. There is a representative there.

Q. France?—A. No. The Colonization Department has no representative in France, but the Traffic Department maintains an office in Paris, as well as Cherbourg.

Q. How about Germany?—A. In Germany there is a representative both of the Traffic and Colonization Departments.

By Mr. Rinfret:

Q. You are speaking of the C.P.R. alone?—A. Yes; that is the amount, we, as a company, have spent.

By Mr. Duff:

Q. Are you settling these immigrants all on your own land?—A. Naturally, Mr. Duff, we try to get them along our own line of railway; they are contributors to our revenue later on, both in a freight and passenger sense.

Q. And do you sell them your land?—A. Usually.

By Mr. Kennedy (Glengarry):

Q. Do almost all of them settle on your own land?—A. Yes, when our Colonization Agent gets directly in touch with them. But, of course, our Traffic Department handles many passengers who do not settle on our land. For instance, we might handle traffic on the ocean which would use the Canadian National from the port of landing to the inland destination.

By Mr. Stork:

Q. What is the present price of land near your railway?—A. I cannot answer that; I am in the Traffic Department, and that is a colonization matter. It would not do for me to give you an idea, because it would be purely and simply guesswork.

By Sir Eugene Fiset:

Q. What are your immigrant rates at the present time?—A. With the vast increase, in November, 1924, they averaged out to $81.25. The immigrant rate is, like anything else, graded, according to the steamer, so that it averaged out to $81.25.

By the Chairman:

Q. That is from the United Kingdom?—A. Slightly higher rates from the channel ports.

By Sir Eugene Fiset:

Q. You were one of the committee that dealt with the question of transportation during the war, were you not?—A. Yes. I was Chairman of that committee.

Q. Were the rates you were then receiving for third class passengers just about equivalent to your rate to-day?—A. It was an entirely different condition then. Our operating expenses were not anything like on the level they are on to-day.

Q. Was the company losing money by the chartering of their ships for war purposes?—A. I could not answer that off-hand, without consulting the books. I think Mr. Scott has had pretty free access to them and he can answer that better than I can.

Q. You were charging in those days £12 for third class passengers and now it has increased to $81 for third class passengers?—A. That is probably accounted for by the fact that we were carrying greater loads. To-day, take, for instance 1924, our fleet, as compared to pre-war days, and probably with the same tonnage —you are very close to it—is only operated 46 per cent loaded for the calendar year, 1924. In other words, we had a 54 per cent vacant space.

By the Chairman:

Q. For passengers?—A. Yes, third-class passengers. We were more fortunate than some of the other lines; the Cunard Line and their allied interests, such as the Anchor-Donaldson and the Donaldson, had vacant third-class space to

the extent of 70 per cent, and the White Star had 81 per cent vacant space for the calendar year. They were only 19 per cent loaded.

By Sir Eugene Fiset:

Q. During the war you were operating 33 of your own ships by specific contract. For each trip you were charging £12/19/9, which is the top rate you ever received; that was practically at the end of the war; I mean to say just a few months previous to the releasing of those ships to your own company. It is hard to realize that you can make such an increase since then.—A. I think you will remember that those ships carried greater loads then than to-day.

By Mr. Duff:

Q. If you were getting a full capacity of emigrants your rates would be lower?—A. If we could get some kind of definite assurance that restrictions would be removed.

By Sir Eugene Fiset:

Q. You understand the reason I am asking you that. It is in fairness to your company, because the question has been raised in this Committee. You were one of the members of the committee that fixed those rates?—A. Yes.

By the Chairman:

Q. You were speaking about restrictions. Continue your answer.—A. Yes. Rather, maybe, I had better put it this way: If immigration regulations and laws, as far as Canada is concerned, were the same as they were in 1913, we feel that a very much larger movement would take place, and the rights of the citizens and the country generally would be perfectly safeguarded.

By Mr. Duff:

Q. What was the rate in 1913?—A. Our rate in 1913, third-class, averaged out, $31.90. It ranged from $31.25 to $32.50.

Q. To-day it is what?—A. To-day it averages out $81.25.

By the Chairman:

Q. Will you try and justify that increase? It seems a high one, from $31.90 to what?—A. $81.25. It is roughly 155 per cent.

Q. To what?—A. $81.25.

By Mr. Rinfret:

Q. I understand the rates are much higher now. You claim that the service given to the emigrant is better. You seem to say that the general conditions are accounting for the lesser number of emigrants. Do you not think that if the service given to them was not of such a high quality but that the rate was lower, you would get a greater number of emigrants?—A. Well, we have to keep pace with the competition which we face. All lines do, added to which, even a third-class passenger is a discrimining individual to-day, far more than he was in pre-war days.

Q. Is it necessary to give that kind of service to get emigrants, or is it not a fact that, on the contrary, if you give less service and charge a lower price you would get a greater number of emigrants?—A. No, not unless your restrictions were removed. The Chairman has asked me practically what has brought about the increase. In the first place, as I have explained, our carrying capacity is probably cut in two.

By the Chairman:

Q. Your carrying capacity is cut in two?—A. Yes.

By Mr. Rinfret:

Q. Half of it is vacant?

Mr. MONTGOMERY, K.C.: Both are right.

The WITNESS: No, due to the service that we have had to improve; baths, shower baths; individual rooms for married couples, and females; recreation rooms; play rooms for the children; hospitals. Our carrying capacity in the same cubic space is cut in half.

By Sir Eugene Fiset:

Q. In other words, the space of the ships has been reduced, is that it?—A. Yes. We have, for instance, one ship, the Empress of Britain—

By Mr. Montgomery, K.C.:

Q. Compare the two conditions. Give us an idea of how they were carried before and how they are carried now?

By Mr. Rinfret:

Q. My question is, whether it is necessary to have those changed conditions.

The CHAIRMAN: His answer is, whether it is right or wrong, that all the other lines are doing it, and they all have to do it.

Mr. RINFRET: If it is not good, it makes it worse.

By Mr. Shaw:

Q. Does the law compel it, in the meantime?—A. The law of the labour unions cut down our space by making us provide more adequate provisions for the crews; in other words to give them more space. That was one reason —to give them better accommodations is the better reason. In the earlier years before the war, as probably everyone knows, there were not the public rooms on the ship, which were known as open steerage; in other words, males and females were segregated, and they had large rooms on the ships with tiers of bunks in each one of these rooms; probably anywhere from 20 to 100 were berthed. The feeding, they had to practically do themselves. While the food was cooked on the ship, they had to go for it and wait on themselves.

By the Chairman:

Q. A la cafeteria?—A. Almost à la cafeteria, on a very rough scale. To-day, I think I have explained why the space is taken up. Now, on top of all this, our actual business, as I told you, is practically cut in half. Now, probably I can answer Mr. Rinfret better by saying that on assurances from the Government that there would be a big movement from Great Britain in 1924, we put in what was known as a bonus system; we gave every British emigrant, coming to this country, from April first to November thirtieth, a rebate of $15, which made his net rate $60. The movement from Great Britain, under that preferential or differential treatment, actually declined for the year 1924, 17 per cent; whereas with the same rate of passage from the continent and the channel ports in 1923, as they had in 1924, the business actually increased 7 per cent.

By Mr. Duff:

Q. In other words every little movement has a meaning all its own?—A. Yes.

By Mr. Rinfret:

Q. You are not contending?—A. I am merely showing that with the lower rate from Great Britain, instead of business increasing it really decreased.

By Mr. Montgomery, K.C.:

Q. The rate is not a controlling factor?—A. To-day the British and Northern Ireland and the Irish Free State quota to the United States combined, is a little over 62,000, and we have information to the effect that there are applications in on the other side totalling 79,000 to-day. The Britisher goes to the United States at the same rate as he comes to Canada at, and yet he overflows his quota regulations. The applications for the movement to the United States for the present year are greater than the movements of the Britishers to Canada last year.

By Mr. Symington, K.C.:

Q. Are they third-class applications?—A. No. That is the whole quota, but you would find that they would be largely third-class. Now then might I illustrate also, that the rate from the United Kingdom to Australia has gone up. In 1911, to 1913, in round figures, converting the pound at five dollars, it was $90. In 1923, that rate went up to $200. To-day it stands at $185. And the movement from the United Kingdom, third-class, to Australia, has shown a healthy increase, over post-war years, showing that the rates did not deter the movement from Great Britain to Australia.

By Mr. Montgomery, K.C.:

Q. How were they as compared with the capacity of the ship?—A. Well there is a very different situation there, Mr. Montgomery. The steamship lines operating to Australia have a distinct advantage over the lines operating to Canada, because they can carry their immigration movement throughout the entire 12 months. They can spread it over. Whereas we have to put our movement into the three spring months, due to climatic conditions.

Q. That is the heavy movement?—A. The heavy peak load. We have to make provision for the movement of that peak load, and for the other 75 per cent of the calendar year, when the space runs very, very low. Therefore a shipping company, operating to Australia, as I say, has a very distinct advantage over us, handling the business to Canada, notwithstanding that their rate has more than doubled, and their business keeps on increasing.

By Mr. Kennedy:

Q. Would not that advantage be overcame by the length of time it takes to make a round trip to Australia?—A. No, I would not think so. They can make provision for that movement, and have their space pretty well distributed for the 12 months. It is a pretty expensive thing for us to put a peak load into 25 per cent of the time.

By Sir Eugene Fiset:

Q. These rates you are quoting now are Conference rates, are they not?—A. Yes, and no; I think there is an independent line making that rate from Liverpool to Australia.

Q. I mean to Canada.—A. To Canada, Conference rates, yes.

Q. And the preferential of $15 you are getting on British ships, is that Conference also?—A. No, that was really an arrangement between the Department of Colonization and Immigration here and the Canadian lines, arranged by Conference.

By the Chairman:

Q. But they all get it?—A. Yes, all lines were parties to that rate and any British emigrant could get it.

By Mr. Montgomery, K.C.:

Q. But that did not apply to emigrants going to the United States?—A. No, that was only to bona fide British immigrants to Canada.

By the Chairman:

Q. Mr. Maughan, did you ever consider whether if the same concession had been given to people from Continental Europe, that would or would not have affected the flow of immigrants here?—A. No sir, for the reason that we know we could get a very much larger movement from the Continent to Canada if we could get the permits to let them enter Canada.

By Sir Eugene Fiset:

Q. If you could get what?—A. If we could get permission for the people to enter Canada. To-day, practically only an agricultural labourer or an agriculturist is admitted.

By the Chairman:

Q. And then you have to go hat in hand to the Department of Immigration and pray them to let them in?—A. Well, in that connection, sir, I may say that we have thousands of applications for farm help; that is, the man who will engage that help indicates the immigrant, and then we try to get a permit to allow of his admission to Canada, and I don't know but I would say, at a guess, which I think would be fairly accurate, that 25 per cent of those applications after being signed up were not allowed. The Immigration Department may have very good reasons for that.

By Mr. Shaw:

Q. Where do your applications come from mostly, on the Continent?—A. That is an extremely hard matter for me to answer. There are a great number from Hungary, but of course there are more from countries populated by what the Immigration Department are pleased to call "Undesirable nationals." I think that is about as close as I had better go.

Q. What do you mean by that? I do not understand it.—A. Well, to the nationality of the man. I think it would be discreet here not to mention any particular nationality.

By the Chairman:

Q. They are not "Nordics."—A. That is perfectly correct, Mr. Chairman.

By Mr. Shaw:

Q. I wondered if Mr. Maughan would find much difficulty in getting in immigrants from countries that were or were not allied with Germany during the great war?—A. No, there does not seem to be much difficulty in that. There is no national feeling except possibly in one or two directions, which the Chairman has stated are not Nordics.

By Mr. Duff:

Q. Mr. Maughan, you say the accommodation is very much better than it was ten or fifteen years ago. Do the immigrants demand better accommodation, or has that to do with Government regulation, or why is it?—A. There is a certain amount of it from Government regulation. The greatest amount is competition. And then there is a certain element of the discriminating attitude of the immigrant. He is demanding more to-day than he did before.

By Hon. Mr. Sinclair:

Q. Discriminating taste?—A. Yes, the discriminating taste of the immigrant. He is really demanding more than he did a few years ago. As a matter of fact, I may say, Mr. Duff, that a number of the immigrants—I can state this from actual experience—travel in the cabin classes of our ships, coming into Canada. Now there may be two reasons for that; it may be that he wants that accommodation; and there is also the off-chance that travelling cabin class he may think he will look more prosperous and have a better chance with the immigration inspector; but the fact remains that a number of them travel cabin class.

By Mr. Duff:

Q. Do you find your movement is less because the rate has been raised?—A. No, we cannot believe that, sir. If we believed that for a minute we would be the first agitators to get the rate down to increase the flow, with the investment we have in this country.

By Sir Eugene Fiset:

Q. Can you reduce that and still make a profit?—A. With the present movement, no sir. We are not making a profit to-day. Your auditor has our statement.

Q. But on a full load?—A. If we were assured of a full load, we would be glad to consider the reduction of rates, but we would have to have a very definite guarantee that we would not be tied hand and foot and told to indulge in locomotion.

By Hon. Mr. Sinclair:

Q. If you were under the restrictions as they were in 1913, would you feel assured of getting a full load?—A. That of course is a very hard question to answer.

By the Chairman:

Q. In your best judgment, that is all.—A. In my best judgment, it would increase the flow. Personally I feel satisfied it would.

Q. Would it increase the flow to your capacity or somewhere near it?—A. For a portion of the year, yes.

By Mr. Rinfret:

Q. So the main reason you are carrying these rates is because of competition?—A. That is one reason.

Mr. MONTGOMERY, K.C.: You might go ahead and give the other reason.

By Mr. Rinfret:

Q. You do not consider that you could compete with the other lines by lowering the rates; you must only compete with them by improving the service?—A. We have got to provide a service equal to the other lines.

Q. That always brings up the same question, whether there is a class of immigrants who would rather pay less and get less service.—A. There might be a small percentage of such immigrants.

By Mr. Duff:

Q. Would you get more immigrants if you reduced your rate $20 at present?—A. I have already answered that. I think in the first place we could not get them in under the present regulations.

Q. But I mean, if the restrictions were reduced?—A. If we thought that I think we would be the first to agitate for it, because we absolutely require the

people in this country, to support our railway and help us pay the share of taxation which as a railway we pay here, which runs in a considerable sum in the millions.

By Hon. Mr. Sinclair:

Q. Mr. Maughan, speaking of those who come in, have you any idea how many of those agriculturists remain on the land? Do you follow them?—A. Those our Colonization Department bring in do go on the land and they are followed. I may say, they make prior arrangements to put them on the land. Those that the Traffic Department handle, possibly without consultation with the Colonization Department, we do not definitely know that they go on the land, but we cannot get them in unless the Government is pretty well assured that they will go on the land.

By Mr. Duff:

Q. Can you say what proportion come through the Colonization Department?—A. No, I cannot, off-hand, but I would say at a random guess, founded upon certain facts I have in mind, that there would be somewhere between thirty and forty per cent.

By Mr. Kennedy:

Q. What reason is given for not accepting the applications of twenty-five per cent you spoke of; you said there were twenty-five per cent not admitted? —A. We have simply the applications denied us, and the reason is that we find after the Immigration Department investigates, they do not think the application is bona fide; in other words, when a man says he is going on the land they do not believe he is going to do so.

Q. Not physical disability?—A. No, not physical disability nor mental disability.

By the Chairman:

Q. You have been interested in the Immigration Department for some years?—A. Yes, sir.

Q. This touches the question of freight rates, therefore it is proper to ask these questions; what would you think of an immigration policy which would say to the whole world. "If you are sound in body, mind, wind and limb, you can come to this country," would those people be wanted?

Mr. DUFF: Add the words "and eyesight."

The WITNESS: I would like to preface my remarks with the remarks that whatever I may say here is not to be construed as in any way a criticism of the Department of the Government set up to take charge of this work .

By the Chairman:

Q. No; I am merely asking for your opinion.—A. I think I had better point out, first, that the United States, in the years prior to the war, were admitting approximately a million and a quarter of those people a year. Personally I believe that if we did the same thing it would not be long before the wheels would be turning pretty rapidly in order to turn out the supplies that would be required. In any kind of careful selection that might be set up to see that the people were physically, mentally, and possibly morally fit, we would have a free movement to this country, and in my personal opinion we would see prosperity here such as we have not seen for many years past, in a very short time.

By Mr. Kennedy:

Q. They have reached a stage now where they are almost at the peak, and again there may be other reasons why it was stopped?—A. Yes. The Depart-

ment of Labour sometimes in the United States has a say in keeping out certain classes, with the idea that the wages for those in the country will go up. I believe in the fiscal year ending June 30th, 1924, there were some 200,000 went from here to the United States. I think the United States Immigration figures show that.

By the Chairman:

Q. Of course the United States and ourselves are in very different positions as regards the proportion of population to available space?—A. Yes, and as a matter of fact they are spending more money to-day to keep people out of the country than we are spending trying to induce them to come in.

By Mr. Shaw:

Q. Do you know whether, in the years prior to the war, immigration was unrestricted?—A. No, it was not unrestricted.

Q. But hadn't they to have a certain amount of money in their possession, in addition to soundness in wind and limb?—A. Yes, a nominal sum.

Q. So that that policy extended over a great many years, did it not?—A. Yes; almost from 1914, before the outbreak of the hostilities; in the old country you could take it back to probably 1900.

Q. Have you investigated the results of that to ascertain how it affected Canada?—A. We have simply to look about us and see what the condition is in Canada to-day.

Q. But I am taking the period up to 1914, and looking back to the unrestricted immigration policy of the years previous to that, and I am asking you the results in that particular time; would you say they were very satisfactory?—A. I would say decidedly satisfactory.

Q. Supposing I told you that in all those years I doubt whether we kept up our normal birth rate, notwithstanding all that increase, what would you say as to that?—A. I can quite believe that, because all the people who come to this country do not stay here.

Q. Do you want to make Canada a sieve, to let people through?—A. I do not think that is the proper term to apply there, Mr. Shaw. This is my own personal opinion only; no matter if these people go through Canada, staying here only a week or a month, they must leave so much money. In any event, they are just as good as tourists; they come in, and I hope they will spend their money here.

Q. Apart from the increase in the population, don't you think we should consider their passing through the country?—A. There is that aspect of it, but they must leave some money here, which will benefit the merchant and back up on the manufacturer and the producer here.

Q. I would like to find out the basis for your reasoning.

By the Chairman:

Q. As a matter of fact, a lot of those people do stay in Canada?—A. I would say the most of them. We have had wastage since 1913; we have had a war, and we have had emigration from this country across the line, and perhaps we have not kept up our birth ratio.

By Mr. Shaw:

Q. You say there has been emigration from Canada to the United States in the last year; there is no doubt about that, is there?—A. The last year I have a record of is the fiscal year for 1924. There were 200,000 souls crossed into the United States. But that is not the only thing; a lot of those were native Canadians.

Q. You have asked that the bars be taken down; how do you know that these people are not going to follow the 200,000?—A. It is not humanly possible to say that they will not, but I do believe myself that a great percentage of them would stay in Canada.

Q. Why don't you bring the matter up?—A. I am afraid that is a somewhat embarrassing question, Mr. Shaw. I do not want to be taken as criticizing anybody.

By Mr. Flintoft:

Q. How long have they to be in Canada before they can go to the United States?—A. Five years I think; it used to be one year, then two, and then five.

Q. So that if they come to Canada there is no chance of getting across unless they steal through?—A. They are pretty well checked up there. If a man wants a position, the Labor Unions investigate him thoroughly, and he is not there very long until he is deported. If I may, I would like to make a further statement and say that very drastic conditions are imposed upon steamship companies. The immigration agent at the port of entry to Canada has the right, for an almost unlimited category of reasons, to demand that a steamship company shall carry a man back to his place of origin free, and in addition refund the fare he had to pay for coming. We have never objected to that.

Mr. SYMINGTON, K.C.: It cannot happen very often.

By Mr. Rinfret:

Q. Have you had many of those cases?—A. Not a great number of deportations.

Q. Perhaps that si the reason you do not object?—A. No, Mr. Rinfret. We make this claim, that our agents, as far as they possibly can do so, investigate the passengers before they allow them to come forward.

The CHAIRMAN: Forgive me if I say that we have only a few moments, and that we had better redirect our inquiry to the immediate question of the rates.

By Mr. Montgomery, K.C.:

Q. I think at the time we diverted to this question you were about to speak of a typical ship?—A. Well, the only typical ship we have running to-day that was running in pre-war days is the Empress of Britain. In 1913 she could pick up at one load 1,014 third class passengers; to-day her capacity is 634. That is a typical ship in service in pre-war days and in service to-day. But our fleet, as I before stated, the pre-war tonnage, as near as it is comparable to the tonnage to-day, is about cut in half. It is even worse than the Empress of Britain.

Q. And even though your capacity is cut in half, how do the figures compare as to the percentage filled, versus vacant?—A. Well, as I have said, in 1924 we ran with 54 per cent vacant space.

Q. And you were better off than most of the lines at that?—A. The Cunard Line had a wastage in space of 70 per cent, and the White Star 81 per cent.

Q. Was your condition any better in pre-war days?—A. Oh my, yes.

Q. Even with the enlarged capacity—you had double the capacity?—A. You have only to look at the emigration figures on that.

Q. You have also referred to the service given, as far as the rooms were concerned. What about food and eating accommodation and so on?—A. Well, while there will not be shown any great increase in the cost of supplies, probably the method of feeding heaps expense on us. The dining rooms and the extra stewards and the extra cooks on third-class ships to-day—the third-class passenger gets a printed menu for each meal.

Q. Similar to the one I exhibit?—A. Yes. We put a similar menu card on for the three meals, for third-class passengers.

By the Chairman:

Q. Do they change it every meal?—A. Yes sir. In some of the modern boats to-day. I may say that the food is prepared in the same kitchen for the third-class passengers as for the cabin passengers.

By Mr. Duff:

Q. How many languages do you have these cards in?—A. Sometimes two, sir; it depends on the number of Continentals, and what nationalities we have.

By Mr. Montgomery, K.C.:

Q. Have you one of your folders here?—A. Not with me, but I could get it in the office.

Q. Really, the folders are illustrative, comparing this with the old conditions which used to exist. Perhaps we could get it better this way; how does the third-class to-day compare with say the second-class in pre-war days?—A. Well, in my opinion the third-class on the modern steamer, or the remodelled steamship, is superior to the second-class accommodation around 1905 or back.

The CHAIRMAN: Can we finish with this witness before lunch?

Mr. SYMINGTON, K.C.: I cannot.

The CHAIRMAN: Mr. Symington has several questions to ask, so there is no use going on now. The committee will rise until three o'clock.

The witness retired.

The committee adjourned.

The Committee resumed at 3.00 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, the Committee will please come to order. Mr. Maughan, will you please resume the stand?

WALTER MAUGHAN recalled.

By Mr. Montgomery, K.C.:

Q. Now, Mr. Maughan, the comparisons that have been made both in the report that has been submitted and the evidence, have been two in number; first, pre-Conferences as compared with the present, and, secondly, pre-war, as compared with the present. We have not spoken of the pre-Conferences, and I do not know whether you know anything about that or not?—A. I am not really qualified to speak on the pre-Conference, inasmuch as we were not in the Atlantic steamship business in pre-Conference days.

Q. While we are on that subject, you might tell us when you got into the Atlantic trade, and when you joined any of the Conferences?—A. The Canadian Pacific acquired the Elder-Dempster Line in 1903. We joined the Westbound Passenger Conference on January 1st, 1906; we did not join the Eastbound Atlantic Conference, whose headquarters are in New York, until January 1st, 1908.

Q. Reference has been made to a date in 1909, when you joined some Conference?—A. No, I think that is a mistake, as far as joining a Conference is concerned.

Q. I am speaking of 1909?—A. On 1909 we had a traffic agreement. I know of no Conference in 1909, unless it may be that a Freight Conference was joined in that year.

Mr. MONTGOMERY, K.C.: Is that correct, Mr. Marlow, do you happen to know?

Mr. MARLOW: In 1910, they joined the General North Atlantic Conference Westbound.

By Mr. Montgomery, K.C.:

Q. There has been reference made to an agreement in 1904, which is mentioned in a document referred to as the Alexander Report?—A. Yes, but that agreement could be considered in no way a Conference agreement; it was simply what might be termed an "Inter-Line Agreement" dealing with the division of territory on different classes of business.

Q. It had nothing to do with the North Atlantic Conference. I have a copy of the agreement here. That has nothing whatever to do with the Conferences in general; it was simply an agreement between lines on territorial division. . .

By Mr. Flintoft:

Q. It was just two lines?—A. No, I think there were more than that.

Mr. SYMINGTON, K.C.: All of the N.D.V.L. lines.

By Mr. Montgomery, K.C.:

Q. That "N.D.V.L." is a contraction for some unpronounceable German name?—A. Yes; it is mentioned in the Alexander Report here.

Mr. SYMINGTON, K.C.: The North Atlantic Steamship Lines Association.

By Mr. Montgomery, K.C.:

Q. Then you are not qualified to speak as to pre-Conference rates, from any personal knowledge?—A. No.

Q. You were asked by the Chairman to justify the increase in rates from pre-war times, and you have spoken first of the reduced carrying capacity of the vessels between those two periods?—A. Yes.

Q. You might explain a little more fully how that reduced carrying capacity is accounted for?—A. Well, you take the same cubic measurements in a ship, and by putting fewer people in each room, providing public rooms, dining-rooms, and hospital, as previously explained, it just about cuts the actual bed or passenger carrying capacity in half.

Q. The remaining part is a little more than half?—A. It varies according to the line; some would be more than cut in half, and some not quite half. The difference in the accommodations, as before explained, is what is responsible for it.

Q. Now, do the requirements as to the space for the crew affect it at all? —A. Yes. The unions demand that the crews have more space, better space, and better located, in some cases, on the ships. Further than that, by the creation of these individual rooms for married couples and families, the necessity arose for more stewardesses on the ships; they, in turn, have to have quarters found for them, and that takes away from the carrying capacity of the ship.

Q. Does the same remark apply to the stewards?—A. No. They can get stewards on and off the ship pretty well according to the number of passengers, but the stewardesses are more or less of a fixture.

By Sir Eugene Fiset:

Q. From what date were the better accommodations provided?—A. They vary according to the lines.

Q. I know, but from what date? During the war or after the war?—A. I am making a comparison between pre-war accommodations and post-war accommodations—those of the present day.

Q. Then they were provided from 1919 and 1920?—A. Yes, just as soon as the vessels could be improved after they were returned to the services.

By Mr. Montgomery, K.C.:

Q. And all the newer vessels came in with these increased facilities?—A. A great many lines lost their fleets during the war, and the newer ones which have been built, I believe—although I cannot give official evidence of this,—cost from four to six times as much as similar vessels before the war.

By Sir Eugene Fiset:

Q. Is it not a fact, Mr. Maughan, that the very fact that you have provided for better accommodations for your third-class traffic, has had an effect on your eastbound trade?—A. It really has no relation to it, that I can see, General.

Q. Is it not a fact that you are getting new passenger traffic to England or to the Continent, due to the fact that you have modified to such an extent your third-class passenger accommodations, and you are getting, I will say, three, four or five times more traffic eastbound than you were getting before?—A. No, not as far as our line is concerned, General, I think perhaps I can explain that to you by the fact that the lines running to the United States, when the quota law came into effect, had made provision to handle between 500,000 to 600,000 souls. They had that space vacant, and they cast about for means to try and employ that space and they started these tourist cabins and college cabins, an economical tourist rate and back. My present opinion is that that will not hold. I regret that, because it has a tendency to send this down to third-class, but the first-class was in no way provided with that in view.

By Sir Eugene Fiset:

Q. Just the same, it has improved?—A. Yes, probably at the expense of the cabin traffic.

By the Chairman:

Q. Since then, it is true that a good many people are taking advantage of the cheaper rate, offered by your better third-class accommodation, to go to Europe, who, otherwise, would not have gone at all?—A. I can tell you, as far as our line is concerned, that that business is negligible.

By Mr. Rinfret:

Q. What is that?—A. It does not amount to really anything. We probably have three or four tours in the summer season, and that is all we get out of the twelve months. I cannot say off-hand, but, as a guess, I would say that the business in each one of these trips would not run over two hundred. It might be below or it might be above.

Q. You mean eastbound?—A. It is east and westbound. They make the round trip on what they call so-called economical tours.

Q. Do they come back again on your vessel?—A. They select a sailing that is blanked out for other third-class business.

By Sir Eugene Fiset:

Q. The reason I am asking that is because the impression exists that your increase in eastbound traffic has compensated to a large extent for what you had been deprived of on the other?—A. That is not a fact.

By Mr. Rinfret:

Q. Have you that in contemplation? Would you expect that that would be the case some day?—A. No, I would not. As a matter of fact we are opposed to it.

By Mr. Montgomery, K.C.:

Q. They think it is hurting the cabin business?—A. It is hurting the cabin business.

Q. So you are of the opinion that emigrants could be carried conveniently at a cheaper rate?

By Sir Eugene Fiset:

Q. With less luxurious accommodation?—A. They could be carried cheaper if they could be moved in numbers; if we could get the turnover in our business.

By Mr. Rinfret:

Q. That is not in accordance with what you were stating, that you were against the present system?—A. The present system, the college tours to London and back. I would like to make that very clear, because I can further illustrate that by taking that class of cabin ships, that is the ship with only two classes of cabin and a third class, instead of three classes, first, second and third. Since those cabin ships came into effect, they have greatly interfered with the first class business, on the third-class ship.

By Mr. Montgomery, K.C.:

Q. You have spoken of the number of ships that were destroyed and had to be replaced after the war. That formed a very considerable percentage of most of the fleets, did it not?—A. Some of the fleets here—I have not got figures before me, but I believe some of the Canadian fleets were almost wiped out.

Q. I am speaking of passenger vessels?—A. The passenger vessels did get it.

Q. As those new boats were replaced were they fitted with those more luxurious third-class fittings?—A. Yes, the modern ship is brought up to meet the demands of the travellers, as well as that of competition.

Q. Did that necessitate the conversion of boats like the Empress of Britain by the installation of similar accommodation on her?—A. The bringing of the Empress of Britain up to pre-war requirements was a very expensive thing for us.

Q. And the other boats had to fall into line too?—A. They had to be reconditioned.

Q. Otherwise they would not draw the traffic?—A. They would not get any business against the other ones.

Q. The third ground you spoke of was the fact that even the reduced space that was now available in the ship was not filled to the same extent that it was in the earlier days?—A. That is a fact; while our actual capacity is cut in two. Then on top of that are the reduced carryings.

Q. Even in the capacity you have?—A. On the reduced capacity, so it is really a reduction upon a reduction.

Q. And that you attribute to the fact that immigration was not moving to Canada in the same proportions?—A. It is not. The statistics of the Dominion show that, the number of admissions.

Q. I assume that you are giving your views from a transportation viewpoint. You are not assuming to pass on the question from a national point of view, or a point of view of one or other section, as to which is the more advisable?—A. Any views I might have expressed are my own personal views. I want to make it clear, if that thought is around, that I do not wish in any way to be misconstrued on it, if anyone thinks that I am criticizing any regulations that

may be in effect. What we might say, from the standpoint of movement of traffic, is that if certain restrictions that are in effect were removed, we believe it would increase the movement, but whether that would be advisable or not, I do not wish to criticize or pass an opinion on.

The CHAIRMAN: Mr. Maughan was careful to say, in expressing his views this morning, that he was merely expressing his personal views. I took note of that.

By Mr. Montgomery, K.C.:

Q. Yes. Now, your fourth point I think was, the difference in the class of service that was supplied, as between the older period and the present period. I think we all understood that.

The CHAIRMAN: He went over that.

Mr. MONTGOMERY, K.C.: Just to get the thing summarized.

The WITNESS: As I explained, while the actual edibles may not be much higher in cost, the method of serving them is a very considerable expense to the company.

By Mr. Montgomery, K.C.:

Q. The increased expense of operating the ship, or the reduced purchasing power of the dollar, as you wish to put it, the general expense?—A. Generally speaking, of not being able to find the elastic dollar.

Q. That brings us to the question as to whether having in view all these things, the increased rates have been more than sufficient to provide for these factors, which you have enumerated, from an earnings point of view?—A. Well, I do not know. The voyage statements have been put in the hand of the Government auditor, as I understand it, and they will show that in 1924 we did not make any money.

Q. Just tell us about 1925, the results up to date, without going into figures at all.—A. Those figures are also obtainable, if the Committee wish them, in private and will show definitely that we have, not only, not made any money since the first of the year, but we have not broken even; that is from the first of January, 1925, to the first statement of voyages received, up to a week ago, that is last Saturday.

Q. What I had in mind more particularly, from a comparative point of view, was as to whether the months of this year have shown up more or less favourably than the corresponding months of the previous year?—A. No, they have not. As I have explained; even with the increase, that was made effective in 1924, November, we have not made sufficient revenue to meet expenses, really.

Q. Now, you are always speaking before depreciation, or anything of that sort?—A. That is, before making any provision, whatever for depreciation.

Q. Now, it might be suggested that this falling off was attributed to the increased rates. I think you covered that this morinig.

The CHAIRMAN: He went into that very thoroughly and very clearly, this morning.

The WITNESS: May I just say there, Mr. Montgomery, that the movement from the United States to Canada for the fiscal year ended 1924, shows a movement of souls from the United States to Canada of about one eighth of the year ending 1913, or 1914, showing that the movement from the United States has stopped coming to Canada, and it can in no way be attributable to increased rates, because their fares are practically the same now as then, probably a 15 per cent increase.

By Mr. Montgomery, K.C.:

Q. Anyway, it has nothing to do with ocean rates?—A. No, but it goes to show that that movement was stopped and there was no change in their rates.

Q. Briefly, as to the facilities which are provided on the other side, such as control stations on the Continent, do you know anything about that?—A. I believe there was some remark passed about control stations. The only control stations that I know of, are ones that were set up by the German Gevernment, and the reason for that, apparently, was to try and conserve the movement of emigrants from Germany and control it to German lines. When those control stations were set up, the British lines put up a very vigorous fight against it. There is another class of station that is maintained on the other side, particucularly at the channel ports, and they are quarantine or disinfection stations, where the emigrants are passed through and subjected to examination, I believe they keep them there three days and put them in such shape that they can give a clean bill of health before they go on the ships. Those stations are maintained at the cost of the steamship lines, and while I am not familiar with the detail of their accounts, I believe that the line receiving the passenger gets a bill from each station on a per capita basis. I am not absolutely certain on that but, to the best of my belief, that is the method they are handled under, and these stations are originally maintained by different steamship lines. In other words three lines might have a station.

By Sir Eugene Fiset:

Q. Are those stations in the channel ports?—A. Those stations are in the channel ports, although there is one at Southampton.

By Mr. Montgomery, K.C.:

Q. How do those quarantine stations affect your costs? What has been done in those?—A. Perhaps I can give you figures first of all on the Southampton station.

Q. By the way, there is a memorandum which Mr. Maughan is now reading from. If it is of any convenience to the Committee, we have extra copies of it. We are not insisting on it being filed. I do not care whether it is filed or not. As he is reading statistics I thought it might be convenient for you to have it. It is simply different provisions as to restrictions of immigration and so on, the expense of control stations.—A. I might illustrate, Mr. Montgomery, by taking the quarantine or inspection depot at Southampton. The depots are shown on page 19 of this memorandum. That inspection station is managed or administered by the Cunard, White Star Line, and Canadian Pacific. The approximate average annual cost of maintenance is £45,000; or, if for the purpose of convenience we put the pound in dollars at the rate of five dollars to the pound, the annual cost is $225,000. Naturally, the rate of passage bears its share in that expense. It is an expense that must come out of transportation.

Now all the way down there are a number of other stations there. For instance, Cherbourg, maintained by the Cunard and White Star Lines. The conversion being at the same rate, the annual cost is $175,000; And a separate one of the Royal Mail also at Cherbourg of $75,000. And so on down, all the way through. Some of the costs I have been unable to obtain by cable although I asked for them. Those are the control stations.

Q. Woud you care to give any explanation of any of the figures? There are some on the next page.

By Mr. McKay:

Q. What occasions the cost? How is it that the stations cost so much money?—A. There are enormous buildings; sleeping quarters are provided in

them; feeding facilities; naturally, toilet facilities; and in some cases they take care of, I believe, as many as 15,000 souls. So you can understand it is quite an institution and very expensive to maintain. The smaller ones, you will observe here, sir, are maintained at a much smaller average rate per annum.

By Mr. Fintoft:

Q. Mr. Maughan, it might be interesting if you gave some idea, for Dr. McKay's information, as to just what is done with the emigrant while he is passing through that station?—A. Well, I have heard it said that we launder the emigrant there. He comes out from his original starting point on the Continent of Europe in a rather rough state and he is put through this depot physically, mentally, and morally; and they remove everything objectionable about him, including entomological specimens.

The CHAIRMAN: Put very nicely.

The WITNESS: That brings him on to the ship in at least a clean condition, and makes a better emigrant of him and a more presentable immigrant of him when he lands here. As a matter of fact, some of them get their first idea of cleanliness and modern toilet facilities when they strike those depots.

By the Chairman:

Q. This is the approximate average annual cost?—A. Yes, sir.

By Mr. McKay:

Q. Will you explain again what the meaning of a control station is, and how the Germans could control the direct passage of an emigrant to this country?—A. Well, as I understand it, the Germans set up these control stations in the first place. They enacted emigrant legislation compelling anyone leaving the country to do so under prescribed conditions, and one of the conditions was that they must pass through a control station. That conserved the revenue of the German lines, and was wholly disapproved of by the British lines. They had nothing to do with it.

Q. Take the case of an agricultural labourer in Germany employed by a farmer here, who expects to give that man employment for one, two or three years and to teach him farming; he buys a ticket here and sends it to the man in Germany. How do they control that man?—A. At the present day, sir, the German emigrant cannot leave—

Q. I mean if that ticket calls for transportation on your boat?—A. I am speaking of the control system in existence pre-war. We can issue a ticket today, prepaid, send that through our representative in Hamburg, and he can come out on our boat.

Q. The point is this: in nearly every case I know of—I could give a recital of nearly fifty offhand, the tickets were purchased here and a direction given to the emigrant.—A. Might I ask, sir, what you mean by a direction?

Q. The ticket itself directs which way he shall come. That is the custom in my riding, and a great many come that way. That control station would have no control there?—A. No sir.

Mr. MONTGOMERY, K.C.: As a matter of fact, doctor, I have been told—you perhaps know this better than I do—that the control stations have been more or less wiped out by the Treaty of Versailles.

The WITNESS: Oh yes, they were a prominent part of the Treaty of Versailles.

Hon. Mr. STEVENS: There is a very complete report on this in the British Commission on Shipbuilding and Shipping, reported about 1918, ordered by Mr. Asquith; setting forth all the details of the German control stations and their interference with the movement of emigrants, trade and everything else.

By Mr. McKay:

Q. The point I was making is this, that if a ticket was purchased here with the direction in, there could be no control?—A. No sir.

Sir HENRY DRAYTON: Not today.

Hon. Mr. STEVENS: There would be before the war.

The WITNESS: I am dealing with the time before the war when the charge was made that these control stations were there and that more or less the British lines were interested in them. Even pre-war, I want to make the point that the British lines were in no way favourable to them. Cases such as you cite we have every day in the week. That is what we call our prepaid business.

By Mr. Montgomery, K.C.:

Q. In connection with that prepaid business, one fact comes to my mind; it is not confined to that alone; I understand the steerage passenger, or third class passenger can now purchase his actual accommodation, with the berth and number of the stateroom and everything of that sort.—A. He can make his reservation beforehand and get his actual berth and room number on a specific sailing just the same as the saloon passenger or cabin passenger can, either east or westbound. As a matter of fact that is the way it is arranged.

Q. Is that a privilege he had in earlier days?—A. Oh no, no, he was in the open; herded really.

By Mr. McKay:

Q. He was in the herd then?—A. Yes.

The CHAIRMAN: Are there any further questions by the members of the Committee? If not, I will ask Mr. Symington if he has any questions to ask this witness.

Mr. SYMINGTON, K.C.: Yes, Mr. Chairman.

By Mr. Symington, K.C.:

Q. Mr. Maughan, you have been there 30 years you say. Have you a list of the rates commencing in 1902?—A. No, we were not in the business in 1902, Mr. Symington.

Q. You quote a rate here apparently in this book of yours, for 1900?—A. That is not a Candian Pacific book, I may say. That is general; prepared by the lines. Personally I cannot speak of a rate in 1900.

Q. I presume the rate shown in this book is correct?—A. Yes, that was the normal rate.

Q. And the rate shown for 1913, would be correct also?—A. Yes.

Sir HENRY DRAYTON: What page is that?

Mr. SYMINGTON, K.C.: Page 1. 1900, $31.25. 1913, $35.

By the Chairman:

Q. Mr. Maughan, the interest in the Waverley Novels was heigtened by the fact that the name of the author was unknown at the time. Who was the author of this reply of the steamship lines?—A. It was rather a joint affair, sir.

Q. Then who were the joint authors?—A. I don't know sir.

Q. Did you have anything to do with the preparation?—A. I gave certain information, yes.

Q. And who did you give it to?—A. Well, there were naturally several meetings.

Q. Do you remember who the gentlemen were?—A. No, really I cannot recall now.

Mr. MONTGOMERY, K.C.: I do not know myself, but there is no reason why the Committee should not know that.

The CHAIRMAN: No, and I was asking who it was.

The WITNESS: I may say this, that we had several conferences and the White Star, Cunard, Donaldson Line and ourselves were present, and at different meetings there were different members of the staff there.

The CHAIRMAN: Someone must have put it all together.

By Mr. Montgomery, K.C.:

Q. If there is any information you can give about it Mr. Maughan, why, give it.—A. I really cannot give the exact names. For instance, I was at several of the meetings Mr. McClure of the Cunard was there; Mr. Tobin of the White Star; Mr. Ballantyne of our own line, at one time, and I think Mr. Annable. That is as to the passenger end. I know nothing about the freight, I was not at the freight meetings.

Sir HENRY DRAYTON: This is passenger.

Sir EUGENE FISET: This is the reply dealing with passenger? The first part of the reply dealt with traffic rates; this deals entirely with the passenger service, the second part of the reply. We should have a copy of it.

Mr. MONTGOMERY, K.C.: There is a copy in your reply is there not?

Sir EUGENE FISET: No.

Sir HENRY DRAYTON: No, this is the first time I have seen it.

Mr. MONTGOMERY, K.C.: This is not referred to as the reply. He was quoting part of it. It was really got up for us, and some of it is in the reply. I am not asking to have it filed. I only gave it to you for convenience in following the statistics. But there is no objection to giving it.

Mr. FLINTOFT: We will have more copies by the first of the week.

Mr. MONTGOMERY, K.C.: As regards the compilation, you are more interested in the reply of the steamship companies?

Sir EUGENG FISET: We would like to know who is the editor?

Mr. MONTGOMERY, K.C.: As far as we are concerned, we see no reason for any secrecy about it. It was not the work of any one man; but I would rather have someone speak of it who knows about it.

The WITNESS: I think that has been explained.

Sir EUGENE FISET: My real interest is in getting a copy.

The WITNESS: I will see that you get one.

Sir HENRY DRAYTON: I think the general is right. There is a lot of history in it, and we have also got the laws of the United States on this subject, in it.

The CHAIRMAN: Mr. Flintoft has just stated, Sir Henry, that they will be glad to furnish the members of the Committee with whatever number of copies are required. Mr. Maughan had half a dozen which he handed to us just now.

Mr. FLINTOFT: We will have copies in the first of the week.

The WITNESS: That was only received from Montreal on the late train last night. It was thrown together in a hurry.

Mr. MONTGOMERY, K.C.: To clear up that other point, my information, for what it is worth, is that these different sections got together the most of the information, and the final grouping was done by Mr. W. D. Robb, or Mr. Thomas Robb, who is the central pivoting point for that, and he put the stuff together.

Mr. SYMINGTON, K.C.: All right. Then we may get on?

By Mr. Symington, K.C.:

Q. The rates increased during those years, Mr. Maughan?—A. Yes.

Q. And I notice that during the time those rates were increasing the emigration to Canada from the United Kingdom increased from 5,000 to 150,000 a year and still the rates went up. How was that?

Sir HENRY DRAYTON: That is at page 7.

Mr. SYMINGTON, K.C.: I have the Dominion Statistics on Immigration. I have not even seen that book, and am not prepared to examine upon it.

The WITNESS: I have figures here which bear out what I say.

By Mr. Symington, K.C.:

Q. Why do you give your statement now as to the tremendous increase being on account of dwindling traffic; did rates advance in the shipping business to such a tremendous extent because of an increase in the traffic?—A. There may have been other conditions then, although I cannot speak authoritatively upon it, such as cargo or other classes of business that may be necessary to get those earnings for the ship.

Mr. FLINTOFT: Before my friend Mr. Symington goes any further, I would like to be satisfied as to this, because on the first page of the statement there are a number of rates given. Which rate is he giving?

Mr. SYMINGTON, K.C.: The rate at the bottom of the page, which is the same rate as given in the reply to the liners reports.

Mr. FLINTOFT: The rate you are giving ran from $31.25 to $32.50, an average of $31.90.

Mr. SYMINGTON, K.C.: All right, let us take the $31.90, I don't care which.

The WITNESS: That is an estimate. The rates averaged $31.90, or ranged from $31.25 to $32.50, from I believe 1900 right up to the pre-war time.

The CHAIRMAN: That is close enough, anyway.

By Mr. Symington, K.C.:

Q. My instructions are, and I take it from the reply to the liners, that the rates did increase from 1900 to 1913?—A. Very slightly, if any.

Mr. FLINTOFT: Where is the reply?

The CHAIRMAN: Look at page 40.

The WITNESS: It is there, at page 40.

Mr. FLINTOFT: Look at page 36. That is the only page dealing with passenger rates. If you will look at the bottom of the page you will find the same figure as in this statement. It shows $31.25 in 1900 and $32.50 in 1913, averaging $31.90. There was no invrease between 1900 and 1913. I don't know where the other figures can be found.

The WITNESS: I think it is a typographical error.

The CHAIRMAN: It is strange it did not increase between 1900 and 1913. The whole cost of living was rising during that decade.

Mr. MONTGOMERY, K.C.: It surely was.

The WITNESS: It was practically the same during that period.

Mr. FLINTOFT: It was fluctuating.

Mr. SYMINGTON, K.C.: Mr. Flintoft said one thing and the witness another. Which of them is correct?

Mr. FLINTOFT: I was referring to the fluctuations between 1900 and 1924.

By Mr. Symington, K.C.:

Q. Have you any personal recollection of the rates for that time, Mr. Maughan?—A. No, I have not, for the simple reason that I was on the Railway end. While I have been with the railway company for over 30 years, I have been in Montreal only 14.

Q. Have you any recollection of what the Elder-Dempster rate was?—A. No.

Q. Was it below the other rates?—A. No. I would take it that the normal rate on the Elder-Dempster line was as shown here, $31.25 to $32.50.

Q. From what would you infer that?—A. From information I have received.

Q. From whom?—A. From the people who were in charge of the traffic at that time.

Q. I want to clear that point up, because apparently it is in dispute. Will you tell us who would know about that?—A. I don't know whether our accounting records go back that far or not; it is possible they may; we may have that information in Montreal.

Q. Were you in the steamship end at the beginning of your association with the North Atlantic traffic?—A. Only in a ticket office, not in a managerial or an administrative capacity.

Q. I am referring to what is known as the Alevander Report, page 21, at least that is the beginning of it. There they state that the most notable feature of the North Atlantic traffic between the United States and Europe is the dominant importance of the steerage traffic. Was that true, within your knowledge?—A. I knew there was a big movement from Europe. The United States figures will show that pre-war they took in as many as a million and a quarter.

Q. Did it apply to Canada, that dominant importance?—A. A great many passengers came to Canadian ports.

Q. A lot of people came to Canada?—A. A lot of people come to Canada, yes.

Q. Would it be true of the Dominion?—A. Of course you will understand that I am speaking entirely from recollection, nothing authentic.

Q. At little further down it is stated:—

> "It is the very lifeblood of the business, without which their existence and further operation would be impossible."

Does that meet your view?—A. Not exactly.

Q. You do not such a great weight on the steerage business?—A. No. It could not be our lifeblood; we could not live if that was all we had.

Q. Then, dealing with the passenger agreements, had you any experience with them?—A. Just at what time, Mr. Symington, pre-war?

Q. Up to 1914?—A. No.

Q. You had no experience at all?—A. No.

Q. You have an agreement apparently with you?—A. That is the one referred to in the Alexander Report as Agreement J., I believe.

Q. Tell me if this is a correct statement of the situation; it is at page 23:—

> "The steerage agreements allot to each line a certain percentage of the total traffic moving via certain ports, and operate on the plan that if one of the lines finds itself carrying far in excess of what it

knows is its allotted percentage, it must temporarily raise its rates, thus automatically throwing the excess business coming to itself to some other line which is falling short of its share of the total traffic."

A. There were certain traffic arrangements, I believe, in pre-war days that have not existed since the war. There is absolutely no pool or agreement as to a division of the traffic to-day.

Q. You say there is no pool or agreement as to a division of the traffic to-day?—A. And has not been, to my knowledge, since the outbreak of the war.

Q. Then after giving these various percentages, it refers to Agreement J:—

"This contract was entered into March 9th, 1904, between the lines composing the N.D.L.V."

Those are the North Atlantic Steamship Lines Association.

"and the Canadian Pacific Railway Co. It was agreed that the Canadian Pacific Railway Co. will not carry passengers of Continental nationality, other than Scandinavian or Finnish, by its own steamers, or by any steamers in which it is interested, sailing from ports in Great Britain and Ireland to ports of Canada or the United States. The Canadian Pacific Co. agrees to furnish, should the continental lines at any time require it, to the Secretary of the N.D.L.V. every facility for satisfying himself that there has been no violation of the agreement."

That is what you refer to as not a Conference Agreement but a Traffic agreement?—A. That is not a Conference agreement, and I want to make it perfectly clear to the Committee that that agreement covered business from the Continent, and only the carriage of that business on such ships as sailed from Great Britain. We put a service into Antwerp, and got the business.

Q. At the same time there was an agreement which set aside 14 per cent of the traffic to the British Lines?—A. Yes, but that has not been in effect for 10 years, and is not in effect to-day.

Q. Then there is another agreement referred to in the Alexander Report, at page 31.

Hon. Mr. STEVENS: Before you leave the first agreement, Mr. Symington, the one you referred to, is that in effect to-day?

Mr. SYMINGTON, K.C.: No.

By Mr. Symington, K.C.:

Q. Agreement J is not in effect to-day, Mr. Maughan?—A. No.

Mr. MONTGOMERY, K.C.: There are no agreements of any kind in effect to-day.

By Mr. Symington, K.C.:

Q. The statement was made that they were not in the Conference. I go on now to page 31 of the Alexander Report, as to Agreement AA:—

"This agreement was entered into for a term extending from February 5, 1908, to February 28, 1911 (then to continue from year to year unless discontinued) by the Allan Line, the Anchor Line, the Cunard Steamship Co., the Hamburg American Line, the North German Lloyd, the Hull and American Line, the Red Star Line, the International Mercantile Marine Co's. Lines (except the Red Star Line), and the Canadian Pacific Railway Co. (Atlantic Steamship Lines)."

Have you that agreement?—A. I have not, and I do not believe it is in existence.

Q. According to the terms of that agreement, which included all the N.D.L.V., there were percentages allotted for the westbound traffic and eastbound traffic, were there not?—A. We were in that only in one direction, and that is dead to-day.

Q. You were in that in only one direction?—A. Yes. If I remember correctly, our share was 4 something, but it is dead to-day.

Q. 4.49, was it not?

Hon. Mr. STEVENS: What was the date of that agreement, Mr. Symington?

Mr. SYMINGTON, K.C.: The date of that agreement was February 5th, 1908, and it extended from February 5th, 1908, to February 28th, 1911, and was to continue from year to year unless discontinued.

By Mr. Symington, K.C.:

Q. Under that agreement, Mr. Maughan, there were compensation clauses; if you carried more than your share you had to turn the money into the pool?—A. Yes.

Q. And it was divided among those who had not carried their share?—A. That is correct.

Q. It not only covered steerage, but by reason of a certain clause it was provided:—

> "No Line has the right to alter its steerage and second class cabin rates without having previously informed the Secretary of the Conference."

Is that correct?—A. That I understand was as far as the Conference workings were concerned, but every member of the Conference reserved the right to take independent action.

Q. We will deal with the Conference a little later on, Mr. Maughan. You also agreed:—

> "Unless there is a second class rate agreement, the lowest second class cabin rate of any line westbound must be at least 2 pounds, and eastbound at least $10 higher than the highest normal third class rates of the respective steamers."

So that unless an agreement was entered into, it really covered second class cabin?—A. Unless these agreements are in existence to-day—but I do not believe they are in existence to-day.

Q. Speaking of how it would affect the public, it was agreed:—

> "The Hamburg American line and the North German Lloyd will use their efforts to arrange that the passengers of the non-German lines may pass the Silesian, Saxon and German frontiers."

A. I did not know of that.

Q. That would be for the purpose of getting past those control stations?—A. To the channel ports, I presume.

Q. That would apply to the liners of the Members of this Conference. Then there was another agreement, V or 5. However, that covers second class passenger traffic, so we need not deal with that.

Then dealing with control stations, upon which you have given some evidence, I would like to refer to page 41 of the Alexander Report, where the evidence of Robert P. Skinner, Consul-General at Hamburg, was accepted. He says:—

> "The organized method by which the lines seek to maintain their respective percentages and avoid the payment of large compensation money is well illustrated as regards the German lines by the explanation

furnished to the Committee by Mr. Robert P. Skinner, Consul-General at Hamburg. He writes that—

> 'As far as Germany is concerned, the mechanism of the arrangement whereby all emigrants passing through Germany are directed to Conference Line steamers is as follows: The Prussion Government has established " '10 sanitary control stations at various points along the frontier of Russia.' "

You would not disagree with that?—A. No, but I am not aware, Mr. Symington, really of the reason for this. They are not in existence to-day, they are dead.

Mr. MONTGOMERY, K.C.: As far as the report goes, I don't know that any of us are going to take issue with that.

Mr. SYMINGTON, K.C.: I am touching upon it for this reason: the witness says the Conference Lines fought this agreement, and here is a provision providing that the Hamburg-American line and the North German Lloyd will use their efforts to arrange that the passengers of other lines may pass the frontiers.

The WITNESS: May I correct that impression, Mr. Symington? I did not say the Conference Line fought that, I said the British Lines fought it.

By Mr. Symington, K.C.:

Q. Quite so; there is an agreement providing for the co-operation of the German Lines so that Conference passengers could get through those frontiers. To repeat:

> "As far as Germany is concerned, the mechanism of the arrangement whereby all emigrants passing through Germany are directed to Conference Line Steamers is as follows:"

Mr. MONTGOMERY, K.C.: Which Conference are you dealing with?

Hon. Mr. STEVENS: Mr. Symington, if I may interject, it was charged against the German Lines that they had violated the spirit and the letter of this agreement.

Mr. SYMINGTON, K.C.: May be so.

Hon. Mr. STEVENS: It was found by the British Commission on Shipping and Shipbuilding that the chief difficulty the British Lines were facing was this unfair competition, backed up by the German Government.

Mr. SYMINGTON, K.C.: In answer to that I can only say that with respect to this contract or agreement, there was no object in the German lines getting more than their percentage share of the continental traffic through these ports, because they had to put it in a pool for division prorata among the other lines.

Hon. Mr. STEVENS: All of which it was charged they evaded. I am not trying to justify the agreement, which I might say was a notorious contest.

The WITNESS: That is my recollection of it.

Hon. Mr. STEVENS: We can get this all in detail in this report.

Mr. SYMINGTON, K.C.: I think really if the committee wants the thing in detail, this is a very detailed report.

By Mr. Symington, K.C.:

Q. The report says:—

> " All of these Conferences are said to have the same general secretary, viz. Mr. H. Peters, with headquarters at Jena, Germany."

Do you know of that?—A. No, I do not.

Q. Now, coming to the present situation with respect to Conferences, Mr. Maughan, the lines have filed Exhibit 16H, which is agreement S.T. 1 on Scandinavian, Finnish and Icelandic third-class passenger traffic. That is in effect now?—A. I believe it is, yes.

Q. Now, without my reading it through, the membership consists of all lines which are running to Canadian ports, does it not?—A. Yes, practically all of them.

Q. And I presume to American ports as well?—A. Some of them have United States services, yes.

Q. And that sets forth that the rates—it divides the steamers into groups. That is so?—A. All steamers are graded.

Q. Graded, yes. It divides them into grades, and without going through it, for instance grade number one, the first one mentioned is the Aquitania.—A. I may say, Mr. Symington, that the ships are graded first of all according to size and speed.

Q. Quite so. There is no point in it very much, it is only for the purpose of pointing out the difference in rates.—A. That is where you get your $31.25 to $32.50, according to the steamer.

Q. And on this grade one, the rates to Scandinavian ports is $107?—A. I could not say that offhand; I have not got the tariffs.

Q. Have these been changed?—A. It probably would be changed, because there were increases made effective last November. There have been several changes since 1921.

Q. So you do not know—?—A. There is one as late as November of last year.

Q. So whatever changes are made are made in accordance with this agreement, and they apply over all?—A. Generally speaking, yes.

Q. And it fixes the rates from Scandinavian ports and Finnish ports, with respect to group one, and then group two—which includes your Empress of Britain and so on—at $105, as opposed to $107 at that time; group three is $103 and group four is $100. Then it provides that all the foregoing rates apply only to steamers at present engaged in the services of the lines; additional steamers to be rated when entered for service on a similar basis. In the event of difference of opinion, such rating to be subject to revision by arbitration That is what is in existence now?—A. Practically, yes.

Q. Then it provides that there shall be no reduced passages, and the lines are to file a list of their agents with the secretary of the North Atlantic Passenger Conference at Liverpool for Scandinavia, Iceland and Finland, and for America and Canada with the secretary of the Trans-Atlantic Conferences at New York. —A. Yes. May I say, though, that that does not prevent any line from appointing any agent they would like to.

Q. Quite true; they notify—?—A. The idea is that by the exchange of views in Conference we find that we get a better class of agents. Sometimes one line believes they have made a wise choice, but when the other lines express their views they see they have not. We believe that by this arrangement we get a higher class of agents and that, incidentally, is a help in protecting third-class passengers.

Q. Then article six:

> "The secretary of the North-Atlantic Passenger Conference, Liverpool, is appointed secretary under this Agreement for all Lines parties hereto."

That is the arrangement?—A. Yes. The secretary of the New York Conference is the secretary of the Liverpool Conference, and so on.

Q. That is Mr. Morse, is it not?—A. Mr. S. E. Morse is the New York man.

Q. He is the secretary of all the Trans-Atlantic Conferences?—A. Yes.

Q. That is so?—A. Pardon me, not all the Trans-Atlantic Conferences, because there is an overseas secretary as well. Each Conference—for instance, the Mediterranean, has its secretary, too.

Q. In New York?—A. No, overseas.

Q. But on this side he represents all the Conferences, both east and west. This, for instance, deals with westbound traffic?—A. Yes, they co-operate one with the other. He is mainly for eastbound business though.

Q. This is westbound business?—A. Yes, I know.

Q. And it provides that he is to be the secretary under this agreement for all lines participating.—A. He is yet, but there is still an overseas secretary as well, where the rates really are made.

Q. That is where the rates are made, over there? Then Article seven, statistics.

By Sir Eugene Fiset:

Q. Do you mean to say the rates are made over there, westbound and eastbound as well?—A. Yes, because the head offices of the majority of the lines are over there.

By Mr. Symington, K.C.:

Q. "Statistics."

> "On the 7th, 15th, 23rd and last day of each month, the Lines will furnish the Secretary with an accurate return of all Westbound and Eastbound First-Class, Cabin, Second-Class and Third-Class Scandinavian, Finnish and Icelandic passengers carried in the period ending with these respective dates, showing also the ports of embarkation and debarkation. This information to be circulated amongst the parties by the Secretary."

A. That is correct, and I believe also filed with the government in Washington.

Q. Then the Secretary, Mr. Morse, gives to each line which is a member of these Conferences, exactly the carrying, the ports of embarkation and debarkation of all the other members of these lines?—A. We furnish our figures just the same as we would if there were no Conference. It is a matter of courtesy, interline courtesy.

Q. Then under Article eight, there is provision for arbitration, and penalties.

By Sir Eugene Fiset:

Q. Do you say these rates are submitted to Washington?—A. No sir. I said that this record of carryings, that the secretary of the Conference compiles this record—.

Q. I understood you to say that the rates fixed overseas were submitted to Washington?—A. No, it is the carryings.

By the Chairman:

Q. Do you not have to file your rates with the Shipping Board at Washington?—A. Yes, the rates are there also, but they are not subject to them. If they wish they can take objection to them, I believe.

By Sir Eugene Fiset:

Q. Is the same thing done in England?—A. I could not say that offhand.

Q. That is one point I am extremely anxious to learn.

Mr. MONTGOMERY, K.C.: It is the United States Shipping Board.

Sir EUGENE FISET: Yes. It has been already stated that these rates are given to the United States Shipping Board, but I would like to know if, for westbound freight, these same rates are handed to somebody in England.

The WITNESS: I will be very glad to develop that for you, General, but offhand I cannot answer it positively.

By Sir Eugene Fiset:

Q. You do not know whether they go to the Chamber of Shipping?—A. I think they do, but I could not answer positively. I will find out and let you know.

By Mr. Shaw:

Q. Might I ask a question. Do I understand from you, Mr. Maughan, that the rates are filed with the Shipping Board, the United States Shipping Board?—A. No, the Interstate Commerce Commission and the Department at Washington. I cannot think of the technical name of it, but it is a Department of the United States Government at Washington.

By the Chairman:

Q. I thought it was the Shipping Board?—A. I think it is the Shipping Board.

By Mr. Shaw:

Q. Then suppose the Shipping Board found these rates too high? What about that?—A. I presume they would take action to bring them down.

Q. Are you familiar with it, because I cannot find that in the Act, although it may be there.

Mr. MONTGOMERY, K.C.: It is domestic, not trans-Atlantic.

Sir EUGENE FISET: But that is not what I understood. I understand these rates are filed with the Shipping Board, and the Shipping Board is directly under Congress, and it is the United States Shipping Board that takes action.

Mr. MONTGOMERY, K.C.: It is a domestic matter; there is a difference between the domestic and trans-Atlantic.

By Mr. Symington, K.C.:

Q. While Mr. Montgomery is looking that up, I may go on. Then there is a provision for damages for breaches of this agreement by any party, which shall not be less than £50 nor more than £500 sterling for each breach?—A. I believe there are similar provisions brought up, yes.

Q. Now, that covers Scandinavian, Finnish and Icelandic immigration.

Mr. MONTGOMERY, K.C.: It is on page 20, but they have not similar provision under the other. The agreements have to be filed.

Mr. SHAW: But it is the domestic rates only?

Mr. MONTGOMERY, K.C.: Yes.

The WITNESS: Mr. Shaw, I may say that the United States lines which are really the United States Shipping Board are members of this Conference, and they get all this information anyway.

By Mr. Symington, K.C.:

Q. Now, I just want to bring one point out from Exhibit 16G in connection with these Conferences. If you will look at page 131 of the minutes, which is the last one we have—.—A. If you want any more of these I can get you all the copies you want.

Q. The point is that representatives of the Continental lines, the Mediterranean lines, and the North Atlantic lines—with respect to these Conferences, according to Exhibit 16G which I have shown you, the meeting consist of representatives of all these lines. They always meet together?—A. Not always, no.

Q. Are there any here where they have not, or are there minutes which we have not got?—A. For instance, there are very often subjects that would be

discussed that there would be only the New York-Liverpool lines in. There might be a meeting of Conference member lines with only those operating to the West Indies concerned, or round-the-world cruises, something like that. All these other Conference representatives would not be there, only the lines interested would be present.

Q. Mr. Maughan, we asked for the minutes of the trans-Atlantic Passenger Conference, and that is what we have.—A. I imagine that is merely a heading. I did not really notice that myself, although I get dozens of these every week.

Q. It may be a heading, but look at who were at the meetings. That looks more than a heading.—A. That would be a question of the subject matter to be discussed. I did not really notice that they were headed that way.

Q. Well, they are all headed that way—I think they are?—A. They may be.

Q. And they certainly include the Mediterranean and Continental lines, as well as the North Atlantic?—A. Yes, I see they are present there.

Q. Including the German lines?—A. Yes; they are in there.

Q. And the Secretary of the three Conferences which meet is Mr. S. E. Morse?—A. Yes.

Q. Then, Mr. Maughan, the next agreement filed is Exhibit No. 16E, Agreement B.T.1, Westbound and Eastbound on British and Irish third-class passenger traffic?—A. Yes.

Q. That is still in existence?—A. I do not know whether that is the exact agreement—

Q. But there is a similar agreement?—A. There is a similar agreement in effect.

Q. That is the one filed in October, 1923?—A. I imagine that is the last one.

Q. And that agreement, without going over it, is practically on the same lines as the Finnish and Scandinavian agreements?—A. Yes, with certain provisional changes—conditions of the trade.

Q. I notice they have an article which the other has not, but I presume it is implied in the other. Article 5, "Any of the lines shall be at liberty to advance their rates above those shown in the schedule that may be agreed upon from time to time, should they so desire". That is, you can quote above the rate shown here?—A. Really, the only understanding of the lines insofar as passenger business is concerned, is that we reach an understanding as to minimum rates—that we will maintain those. There are many others, which we call "scale rates" above that, but there is no agreement that they shall be maintained, or has not been until recently.

Q. What is the difference in this agreement between the westbound basic rates and westbound prepaid?—A. The basic rate is the minimum, and in some cases there may be a slightly higher rate covering the cables overseas, or the cost of transporting an order over there, or getting the officer on the Continent in touch with the passenger who is coming forward. I presume that is what it is.

Q. I was wondering what the distinction was. Will you explain it? Westbound there is a basic rate of £16?—A. That is the minimum.

Q. The westbound prepaid is $80?—A. That is the fare that would be paid on the North American Continent for a prepaid ticket. If you wanted to go into our office in Ottawa and bring somebody out, instead of sending the cash you would send the ticket over.

Q. And pay $80?—A. Yes, sir.

Q. So the rates on that basis in 1923 ranged from $72.50 for fourth-class boats, to $80, first-class boats?—A. Yes. As a matter of fact, to-day, they go from $72.50 to $90, as published in this memorandum.

Q. There was an increase, about which you spoke—A. In the early part of the year there was one range, and in November there was another range.

Q. So that the traffic then is operated in accordance with this agreement, Exhibit 16E, so far as British and Irish immigration is concerned?—A. Practically, yes.

Q. And again, under Article 8, all this information is filed with the Secretary of the North Atlantic Passenger Conference, 18 James Street, Liverpool, and with Mr. Morse in New York?—A. Yes.

Q. Then, under article 20 of this same agreement is what we might call the U.K. Immigration, which deals with the advertising the line can do: "No circulars or publications shall be issued by any line reflecting upon or instituting comparisons unfavourable to any other line party to this agreement, nor shall any party to this agreement support any newspaper which may systematically attack any of the lines"?—A. As a matter of fact, some lines were making extravagant claims for their ships, such as "the best", and it was to modify that advertising that all these advertising agreements were put in. One line might be able to claim one feature as the only one, and it was not thought desirable that that class of advertising should go in. We should tell the public in advertising, in a fair way, what we have for sale, and not make extravagant claims, one against the other.

Q. You cannot tell then—A. I would not want to sell our goods by comparing them to anybody else's; we want to sell them on their merits.

Q. The Secretary gets copies of all sailing lists, rate schedules, and circulars issued?—A. Yes; he keeps them on file.

By Sir Eugene Fiset:

Q. When you say "Secretary", you mean Mr. Morse?

Mr. SYMINGTON, K.C.: Mr. Morse in New York, and the secretary at 18 James Street, Liverpool.

By Mr. Symington, K.C.:

Q. Then, in respect to the immigration traffic, there is also a clause for a penalty of £50 to £500 Sterling, for any breach of the agreement?—A. Yes.

Q. Article 28 says: "So long as this agreement is in force no line shall advertise or quote rates or supply conditions other than those provided for in this contract, even for sailings subsequent to its expiration"?—A. That is correct.

Q. Then, the other agreement filed is Exhibit 16D, Agreement 2-1, "Continental Third-Class Traffic, Westbound and Eastbound"—A. What is the date of that, Mr. Symington?

Mr. SYMINGTON, K.C.: March, 1921.

The WITNESS: I cannot say that is the last, but I believe there is a similar one, yes.

By Mr. Symington, K.C.:

Q. It is similar to the ones the steamship lines have filed?—A. Yes.

The CHAIRMAN: Is it necessary to indicate the different changes?

Mr. SYMINGTON, K. C.: No, there are just a few which I want to point out.

By Mr. Symington, K.C.:

Q. This also covers all the lines, does it not, trading from the Continent to Canada?—A. Yes, I would say that is a complete list, with the exception of the name "Canadian Pacific Ocean Services" is wrong. That is, "Canadian Pacific Steamships".

Q. Article one gives the scope of the agreement?

Mr. MONTGOMERY, K.C.: Which one is that?

Mr. SYMINGTON, K.C.: Continental third-class passenger traffic, Exhibit 16D.

> "This agreement shall govern Continental third-class traffic westbound and eastbound forwarded by the lines parties to this agreement from, or to, all North American ports and all European ports situated between Petrograd and Cadiz, inclusive, and to embrace all continental traffic forwarded over Scandinavian, Finnish and United Kingdom ports".

A. If that is not the last agreement, is it very likely there is a similar one.

Q. Now, the next clause:

> "Continental traffic forwarded via Mediterranean ports will form the subject of a separate agreement with the Mediterranean lines unless this Agreement is eventually extended to embrace also the Mediterranean lines."

Has that been done?—A. I believe there is a separate agreement. In fact there are so many of those different ones that it is hard to keep track of them.

Q. Appended to this agreement, as a schedule to Article four, rates are set fourth, from all European ports?—A. Yes. Of course, like even, the British rates, they vary from time to time.

Q. And the rates at this time were $120 from Cherbourg—I am reading class one, of course.—A. What is the date of that agreement?

Q. 1921.—A. $120, first class? Surely not?

Q. Not first-class; third-class, but grade one, but they seem to be all the same. No, they are not. $100 to $120, and that follows through Havre, Boulogne, Ostend, Antwerp, Rotterdam, Danzig, Reval, Corona, Lisbon, Oporto? —A. I cannot say that these are the last rates.

Q. These may have come down or gone up?—A. Their rate shows a comparison along this line.

Q. This one has three secretaries, article six: "United Kingdom, Scandinavia and Finland: Secretary, North Atlantic Passenger Conference. Continent: Secretary, Atlantic Conference. United States and Canada: Secretary, New York Conferences", providing for the filing, in three places, of all this information?—A. I cannot say off-hand about that agreement but I would be willing to say that I presume there is such a one in existence.

Q. It has been filed by your counsel as being in existence?—A. I imagine that is correct.

Q. And it has the usual provisions, providing for cabin, and second-class fares being a certain amount over the steerage fares?—A. Yes. I think all these agreements are very similar. They may vary in one or two conditions.

Q. Those three agreements, which I have given you cover the whole immigrant traffic to Canada, from the United Kingdom and the Continent?—A. Yes.

Q. From the United Kingdom and all continental ports, including Scandinavia, Petrograd, and the Mediterranean?—A. Scandinavian and Finnish.

Q. That is the system that is in effect to-day?—A. Virtually, yes.

Q. The fare of an emigrant to-day is higher, is it not, than a first-class saloon passage was in 1914, or about the same, is it not?—A. The figures there will show you that. I think that statement is very clear, that he pretty near gets the same accommodation to-day under the improved condition.

Q. He is pretty lucky if he does?—A. For instance first-class rates, in 1900, ranged from $67.50 to $92.50.

Q. Where are you reading from?—A. The top table, Mr. Symington.

Q. Yes, I see.—A. You will find all the information you want on rates, as nearly as we can get them, in those periods

Q. My statement seems to be correct. It is my memory, of crossing on the Alsatian and Calgarian, for about $90, in 1914, in an outside cabin?—A. You are to be congratulated on your memory.

Q. That would be about the emigrant rate to-day?—A. Yes.

Q. Now then, does the emigrant to-day take up anything like the space that a first-class saloon passenger took up in 1914?—A. I cannot say exactly in cubic feet, but very nearly, Mr. Symington.

Q. Surely not?—A. Very nearly. It depends altogether on the class or type of first-class accommodation he gets. There are one, two, three and four berth rooms, cabin and first-class to-day, and there are suites of rooms, sitting room, bath room and all that kind of thing. It depends upon what room want to make the comparison on. A two berthed room to-day will probably take nearly as much cubic measurement as a third-class cabin down below, to-day. I would, just from observation, say that. We can measure them up and tell you.

Q. You suggest then that the cubic capacity, which is the one basis upon which you put your third-class rates, the emigrant to-day has as much space practically, as a first-class saloon passenger. I was in one, with another man, in an outside suite of rooms on the Alsatian?—A. Pardon me. I am not suggesting. I am trying to answer your question, and it must be very clearly qualified that it depends on what class of cabin, what type of first-class cabin you were making your comparison with as regards a third-class room.

Q. Two people in an outside cabin?—A. There are some pretty large outside steerage rooms to-day.

Q. Outside steerage rooms?—A. Yes, with a porthole in them. Then, that would again depend upon the ship.

Q. Would you suggest also that the care of those people, I mean the meals and so on, compare at all with the first class meals which they got in 1914?—A. I would say that the third class meal to-day is equal to a first class meal around 1900.

Q. Around 1900?—A. Yes, and bring it up a little farther than that; probably 1905.

Q. What is your virtue in telling that what we have always understood as third class immigration facilities have largely been wiped out? It has been converted into a higher standard?—A. It is a very much higher standard. We have tried to make that very plain.

Q. You have never tried then, as I understand your evidence, getting emigration traffic with less service, and a lower rate?—A. I would not want to take the risk of putting any money into a ship and cater for third-class traffic, and give inferior accommodation to other lines, even at a lower rate to-day.

Q. What suggests itself to my mind is that I understand there is, you say, or somebody has said, a very strong competition in service to-day?—A. There is.

Q. There is no competition in rates?—A. No. The lines, to get anywhere with their finances, must compare notes.

Q. I do not want to argue it. There is no competition in rates to-day.—A. Practically none.

Q. But there is very fierce competition in service?—A. Yes.

Q. And has that not resulted then, Mr. Maughan, in a race of facilities between these lines, there being no competition in the matter of rates?—A. There has been a very marked improvement in the accommodation, brought about by competitive conditions.

Q. And one that is continuing, if I may put it, in greater extravagance with every boat that is built?—A. Yes, every boat is an improvement over the previous one.

Q. And there are new boats coming into the service here all the time, every year?—A. Yes, there have been two or three in the St. Lawrence trade this year.

Q. All of which have higher class facilities for immigrants than the previous one?—A. There are certain improvements, yes.

Q. And higher class accommodation, more extravagance for the first-class passenger?—A. Well, correspondingly higher grades of accommodation are becoming more elaborate. The passengers demand them.

Q. All of which I suppose costs more to operate.—A. Naturally.

Q. Which must be paid for by those who travel upon the ships, or by the cargo the boat carried?—A. The earnings of the ship, yes.

Q. Now when you made the answer to my friend about losing money, did you intend to tell us that you had lost money upon your steerage services?—A. I think it has been very clearly established here, Mr. Symington, that it is impossible to arbitrarily segregate the earnings of a ship against any one section, even as between freight and passenger, so therefore it would be further more difficult to segregate passenger earnings into classes.

Q. Then the answer to my question I take it is, that you did not intend to indicate to the Committee whether you had or had not lost money on the immigrant or third-class passenger?—A. No, we have lost money on the general operation. The earnings are not segregated or charged against any particular class of traffic either freight or passenger.

The CHAIRMAN: Mr. Symington, let me ask the witness one question to clear this up in my own mind as well as the minds of other members of the Committee.

By the Chairman:

Q. Do I understand that as far as passenger rates are concerned: first-class, second and third-class, there is practically no competition as far as rates are concerned, the competition being limited to competition in service?—A. Really the principal competition to-day is in service. There are understandings as to rates between the lines. There have been those understandings back as far as 1868, according to the evidence of Mr. George Hanna in a Supreme Court case in, I think, 1912, in the United States. His evidence was accepted that the lines in 1868 had understandings.

By Hon. Mr. Stevens:

Q. Is there anything to hinder a steamship company fitting up a ship and carrying immigrants in accommodation similar to what they did in 1900 and along there?—A. Any agreement as between the present lines?

Q. No, any steamship company, outside of those that are in this agreement. —A. No, I don't know of anything that would prohibit it, Mr. Stevens.

By the Chairman:

Q. Are there not certain regulations laid down by the British Board of Trade, that passengers are to have certain minimum space and certain minimum food? I think so.—A. Yes sir.

Mr. MONTGOMERY, K.C.: I understood him to say he would not put his money into any such venture.

The CHAIRMAN: He said so but I think I am right in suggesting that question.

The WITNESS: The British Board of Trade have certain regulations that provide for certain cubic space for each passenger. The Continental Governments, before you can get a concession to do business, insist on you complying with certain very stringent emigration regulations, which provide for medical services accompanying them, cubic space to be occupied, and a thousand and one other things.

By Hon. Mr. Stevens:

Q. Have those been changed since 1900?—A. Oh yes. I think some of them were changed in the last two or three years. Since the war.

By the Chairman:

Q. For instance, if you proposed to fit up a boat for immigrant service, such as I remember seeing when I went to England as a small boy in about 1884, with tiers of bunks, with perhaps thirty or forty bunks together in the same compartment, would that be allowed by the present regulations.—A. It would not be permitted to-day, sir.

By Mr. Symington, K.C.:

Q. That would not be permitted?—A. No, I understand it will not be permitted.

Q. Possibly we might clear that up by getting a copy of those regulations, if you have them.—A. I have not got them.

Mr. SYMINGTON, K.C.: The whole point at issue is, if you cannot by regulation carry immigrants to-day in the same form that you could when you had the rate of $19 or $20 or whatever it was, a trip, what is the use of talking about reducing the immigrant rates to this pre-war basis?

By Mr. Symington, K.C.:

Q. You do not suggest for a minute, do you, Mr. Maughan, that under the regulations you have to give the service that the lines are giving the steerage passengers?—A. The maximum service we are giving to-day, no. I am not intending to convey that for a second; but I am contending that you could not just throw a ship open and herd people on it and get away with it to-day.

Sir EUGENE FISET: These regulations have been applied by the different Boards of Higiene in each country, requiring that a man must have a certain cubic feet of air space. That is where the difficulty comes in.

By Mr. Symington, K.C.:

Q. Quite so. He must have a certain number of cubic feet per passenger, that is true. How about the South American trade, do the regulations apply to those ships also?—A. We are not in the South American trade and I cannot tell you.

Q. You do not know anything about it?—A. No.

Q. You have not compared to see if the system is the same there?—A. Nothing except that we have had ships touching at South American ports and we knew they were complying with the regulations. Ours were cruising ships, not emigrant ships.

Q. Then you cannot tell us whether or not the accommodation to South America is or is not fairly satisfactory?—A. I am sorry, sir, I know absolutely nothing about it.

Q. Can you give us any information about the rates to South America?—A. I cannot.

Q. Does your company not make comparisons of these things?—A. No. We have got to find out what the particular services we are concerned in are costing us and how to make money out of them.

Q. My instructions are that the emigration from Europe, to a large extent is going to South America, or very much larger then to Canada. You have not looked into that feature at all as to rates or accommodation?—A. No, as I said this morning, relatively speaking, the movement to Australia from Great Britain is increasing and at an increased rate of fare.

Q. At a rate which you gave us?—A. To-day I think it is $185.

Q. An increase from $90 in 1911 or 1913, to $185.—A. Yes, in 1923 it was $200.

Mr. MONTGOMERY, K.C.: You are not suggesting that it is British emigration that is going to South America? My instructions are that it is Italian and other nations of Southern Europe; chiefly Latin.

By Mr. Symington, K.C.:

Q. The Conference lines cover the Continent just the same. How long does the trip to Australia take?—A. It depends on your route. And whether you go via Vancouver or wholly by sea; get on a ship and go through the Canal.

Q. I am referring to emigrant passengers.—A. The voyage takes somewhere in the neighbourhood of 22 days, but that is a guess on my part; I have not checked it up. I would say 22 to 25 days as a pure and simple guess.

By Mr. McKay:

Q. That is direct?—A. Direct from say Liverpool or London to Sydney.

Mr. RINFRET: Through the Panama Canal?

Mr. MONTGOMERY, K.C.: Through the Mediterranean and Suez.

The WITNESS: Around through the Mediterranean and Suez.

By Mr. Symington, K.C.:

Q. What about New Zealand, Mr. Maughan; do you know anything about New Zealand?—A. I know this, that the rates to New Zealand from Liverpool increased higher than to Sydney. I am speaking of Auckland.

Q. I have an article here of May 15th, 1925:—

> "A new immigration agreement between New Zealand and Great Britain effective May 1st, remains in force for three years. Between 17 and 19 years a person paying five pounds fifteen shillings will travel to New Zealand free."

That is under this agreement of assistance?—A. Our Department of Immigration bring people from Great Britain here, as far as the initial payment is concerned.

Q. I am directing your attention to the rate of five pounds fifteen shillings?—A. That may be the fare that the Government is paying or that the passenger is paying, but the latest advice we can get from the other side by cable is that the rate from Liverpool to Auckland prior to 1913 was seventeen pounds, or about $85; from 1913 to 1915, $95; then there is a blank, and from 1920 to 1922 it went up to $205, and to-day or rather from 1922 to date the rate is reduced down to $185. We also have a special rate, Mr. Symington, that the Immigration Department gets advantage of, a special rate on immigrants from the United Kingdom to Canada. That might be under some such arrangement as that, I could not say.

Q. It says:—

> "Other reductions are, single women over 19 years, married couples without families, from 16 pounds 10 shillings to 11 pounds."

While this is an article in a paper which I am reading, it came from the Immigration Department here, that is, that there was a reduction under this new arrangement?

Mr. MONTGOMERY, K.C.: That was an assistance.

Mr. SYMINGTON, K.C.: May be it was an assistance scheme.

By Mr. Symington, K.C.:

Q. I am not asking you to take the reduced rates on the assistance scheme, but before the assistance scheme; that is what I am talking about. I say that this article says that there were other reductions, single women over 19 years

and married couples without families were reduced from 16 pounds 10 shillings to 11 pounds. If that is true, the rate was less than $80, and it is now down to 11 pounds?—A. Probably the Government is paying one-half of it and the passenger the other half; I don't know anything about that. The rates we have that apply to the general public apply to those I have given you, and we have them by cable within the last ten days, I would say.

Q. We had better get the emigration authorities to give that to us; you do not know anything about these rates?—A. No. I have read several articles recently on what the Australian Government is prepared to do to get white settlers into Australia. They will take a family of children of a certain age free, and pay part of the father's passage; he is only to pay back one-half of his passage, and even gets credit for that.

By Hon. Mr. Stevens:

Q. The Government does that?—A. The Government does that.

By Mr. Symington, K.C.:

Q. Single men under 19 were reduced from 16 pounds 10 shillings to 11 pounds. You know nothing about the rate before the reduction.—A. No. The only rates I have are the ones I developed from cables.

Q. Do you know anything about these rates, or are these the only rates you know about?—A. These are the last rates, as far as I know, that we have developed by cable within the last few days.

Q. Developed by cable from where?—A. Developed by cable from our European General Manager in London, England.

By Mr. Rinfret:

Q. Might I interject a question here? I notice in comparing the rates to Australia and New Zealand that the pound rate has been put at $5; that would make a difference of 15 cents on the dollar anyway, at the present time, but as to 1920 there were certain times in which the difference was much larger than that. I do not think these figures should be taken without that reservation.

The WITNESS: It is very easy to develop the rate in effect for each year. We did this because we were developing it by cable.

By Mr. Rinfret:

Q. I just want to point out that when we have the rates from Liverpool to Australia in 1921 as 40 pounds, $200, at that time the 40 pounds did not represent $200 at all.—A. We have a foot note, Mr. Rinfret, that the conversion from sterling made quite a difference.

Q. It would only mean a difference of about 14 cents.—A. At that time the Pound was away down.

Mr. MONTGOMERY, K.C.: That would be right if it had anything to do witr the exchange in this country.

Mr. RINFRET: I am only comparing what it cost the Australians with what it cost the British.

Mr. MONTGOMERY, K.C.: The rate of exchange, or the depreciated sterling, as it was in the United States or in Canada would not have any influence on the rate over there. On account of the movement of money, that would not mean necessarily that the Pound stood depreciated as between London and Australia.

Mr. RINFRET: It is a vry complex question.

Mr. MONTGOMERY, K.C.: It certainly is a complex question.

By Hon. Mr. Stevens:

Q. Disregarding the dollar, you got your comparison in Pounds?—A. That was only put in as a matter of illustration.

Hon. Mr. STEVENS: We would have to deduct somewhere about 4 per cent.

The CHAIRMAN: If they compared the Pound, if both rates were originally in Pounds and were both now changed to dollars, each of them on the basis of $5, it would not make a very great difference.

The WITNESS: Really the rates quoted in the other tables, you buy Pounds on the other side, and they are converted. It is merely to illustrate the two currencies.

By Mr. Symington, K.C.:

Q. Just to clear up one or two points, Mr. Maughan, in the beginning of your evidence you spoke of the expenses of the European agencies. Those are included in the operating costs of the railway and the steamship lines, are they not?—A. The Canadian Pacific Railway Company pay the expenses.

Q. And the cost of the irrigation is included in the Land Department expenses?—A. The Colonization Department.

Q. And the Colonization Department?—A. Yes.

Q. And the irrigated land sells at a great deal higher figure than the unirrigated land?—A. The land is practically useless without irrigation.

Q. In your Reports each year, all these expenses are charged up to irrigation, you have told us?—A. That expense is definitely charged to the Colonization Department, just the same as our Traffic Department has certain expenses.

Q. You have a Colonization Department in respect of your lands?—A. Those are expenses not after taking into consideration any profits on land sales.

Q. No, but the charge against your lands and the proceeds thereof these colonization expenses?—A. I would imagine eventually, yes, but that is the amount expended under Colonization, without any regard to the value of the land.

Q. Then I notice an article by Colonel Dennis, who is in charge of your immigration work, is he not?—A. He is the Commissioner of Colonization.

Q. Did you notice a report of his speech the other day?—A. Yes, and I have spoken to him since.

Q. He is reported as saying that the proposed immigrants cannot be adapted in this country?—A. No, sir, he said they had no money, and he told me to-day that they might possibly come, and if they got their tickets the rate hasn't got anything to do with it.

Q. He made the explanation, but he is reported to have said that the proposed immigrants could not be adapted to this country?—A. That if the fare was one and a half, the conditions would be the same.

Q. The conditions would be the same, you think?—A. Yes.

Q. According to your evidence, I take it that you can hold out absolutely no hope for lower immigration rates, under present conditions?—A. There is absolutely no hope for lower immigration rates; you are quite correct.

Q. And, so far as you can see, can you hold out any hope, with the service you are giving—A. I cannot see into the future, Mr. Symington, as to what the regulations will be in causing a free movement. Once again please allow me to be very clear upon that, and to say that I am not criticizing any person in any sense.

Q. I am asking you as an operating man, Mr. Maughan. Knowing the class of service you claim to be giving, and knowing the increased service that is being crowded on every new boat, can you see any possible hope or anticipation of lower immigration rates?—A. The only way a reduction in rates can take place is by an increase in the flow of immigrants.

By Sir Eugene Fiset:

Q. Or competition, I suppose?—A. Well no, the competition does not enter into it there, General; it is purely a matter of the number that are allowed to come into the country.

By Mr. Symington, K.C.:

Q. And although, Mr. Maughan, as I pointed out to you, there was a tremendous increase from 5,000 to 150,000 a year during those years in which, even taking the figures at their best, there was no reduction in rates, do you think that the increase would produce a reduction now?—A. The increase in numbers?

Q. In numbers?—A. I said before that if we were sure, definitely sure that we could have a big movement of immigrants, we would be very glad to give consideration to reducing the rates, but under the present limited movement we cannot afford to do it.

By the Chairman:

Q. May I just interject a question here, a question suggested to me by one of the committee. Have Canadian Pacific ships, Mr. Maughan, been carrying immigrants whose final destination was the United States, as well as those to Canada, to any extent?

Sir HENRY DRAYTON: That is on page seven.

The WITNESS: Yes, we handle immigrants to United States points via Canadian ports, and for the fiscal year ending June 30th, 1924, all the Canadian lines handled approximately 18,400 immigrants.

Q. Then the quota law of the United States would have a depressing effect on the flow of immigrants via Canada, just the same as directly to the United States?—A. Yes, but not to the same extent.

Sir HENRY DRAYTON: If you look at page six of this Reply, you will find it all; you will find the figures given for 1924, 18,140, 1923, 10,911 and so on. The whole thing is there.

The WITNESS: I think it was something over 18,000.

By Mr. Duff:

Q. Would those 18,000 be included in that 200,000 you spoke of?—A. No.

Sir HENRY DRAYTON: That is separate.

By Mr. Duff:

Q. They go in bond?—A. The United States Department of Labour, immigration service, have inspectors at the ports just the same as they have customs men, to facilitate their movement through. They are in bond, as far as Canada is concerned.

By Sir Eugene Fiset:

Q. Do you include those in the proportion which you gave us in the beginning of your examination of Canadians coming in via your ships?—A. Yes, they are in our earnings the same as the others.

By Mr. Symington, K.C.:

Q. What I was trying to get at is, is there any assurance, in view of the fact that when immigration did increase so tremendously as it did through a certain number of years when there was no decrease in price—in fact there was a small increase—that now, if there was an increase the fares would come down? —A. My personal opinion is yes.

Q. Why?—A. Because we would get sufficient money, in the first place, on the turnover because of the increased numbers, to be able to afford it.

Q. In the light of the situation as it is, why do you go on placing these highly expensive boats on the route, new boats?—A. They are demanded by competition. We cannot stand out alone with inferior boats against superior ones, and hope to get any business. The competition in that respect is the same as in hotels or automobiles or anything else.

Q. Although you tell us that the services are not remunerative, none the less you go on and the lines go on—because they are all Conference lines—increasing expenses by the class of boats they are putting on the services?—A. We would be in a terrible fix, Mr. Symington, if we ever gave up hope.

Q. That is your answer, is it?—A. Yes.

By Mr. Duff:

Q. Mr. Maughan, what would you say would happen if five boats, or a number of boats, were put on the route which reduced the rate from $80 to $60? What would happen then with the other Conference lines?—A. The $60 boats would probably get some business.

Q. Would not the Conference boats have to reduce their rates?—A. No, I do not think they would.

Q. They would still carry them at $80?—A. Yes. Of course, it would depend on the ship that made the $60 rate.

By Sir Henry Drayton:

Q. I suppose they would travel at the $60 rate if they got as good accommodation?—A. Yes, if they could, but it cannot be provided. It gets back to the question of whether you want to buy a Ford or a Rolls-Royce.

By Mr. Flintoft:

Q. Mr. Maughan, is it not a fact that in providing immigration accommodation you are not only in competition with the Canadian lines, but you have competition with the United States lines?—A. The monster ships operating to New York are direct competitors of ours.

Q. And you have to provide this accommodation?—A. To meet that competition.

Q. By the monster ships, you mean the Aquitania?—A. The Aquitania, Majestic, Leviathan, and those ships.

By Mr. Kennedy (Glengarry):

Q. Can you tell us, Mr. Maughan, how many boats are engaged in the immigrant business into Canada, during the last four or five years?—A. I could not tell you offhand for the other lines, but we have twelve. All the lines are in the Reply, that little white booklet.

Mr. SYMINGTON, K.C.: I think you will find it in the list of boats filed, for 1922 and 1923.

Mr. FLINTOFT: On page 36 of the Lines' Reply you will find the number of sailings, total tonnage, average size of ship, average number of passengers per sailing and so on.

By Mr. Rinfret:

Q. Mr. Maughan, could you tell us this, are there a large number of Canadian immigrants come through United States ports?—A. Not a large number, Mr. Rinfret; there are some.

Q. Have you any idea what proportion?—A. No; it would be a very low percentage.

Q. More than 10 per cent?—A. I think it would be less than 10 per cent. Again, that is a guess.

By Mr. Shaw:

Q. I would like you to amplify your answer to Mr. Duff. Presuming that this Petersen contract is approved by Parliament, and ten ships are placed on the North Atlantic to carry immigrants, with the rate under government control, and presuming that the rates are fixed say $20 lower than the rates now in effect,

do you say your boats would not meet that competition?—A. I am only speaking for my own line. I do not believe we would meet it.

Q. Will you amplify that and tell us why?—A. Because it would depend on what accommodation these other boats provided. Personally I do not see with the present movement how they could afford to make a $60 rate if they put up the accommodation we put up.

The CHAIRMAN: They might have a subsidy to fall back on.

Mr. SHAW: The plan is to subsidize them.

Hon. Mr. STEVENS: You could cut your rates if you were subsidized in the same way.

By Mr. Duff:

Q. Supposing the immigrants were satisfied with the accommodation given by these boats at $60; what would you do then?—A. I do not know, Mr. Duff; that is a bridge we will have to cross when we come to it. I imagine some of the lines would employ their ships in other lines where it would pay.

By Mr. Shaw:

Q. Do you think any of the Conference ships would meet the lower rates?—A. That would be a guess on my part. We would have to meet the situation when we came to it.

By Mr. Symington, K.C.:

Q. What other routes could you go to? I have been unable to find any profitable ones.—A. Speaking for our own company we could not go to any, because our ships have to feed our own lines. I merely say that that is the history of the shipping in the world; any steamship company that can operate freely on the high seas will naturally seek the most lucrative rates. Unfortunately, we are not in that position; our whole interest is bound up in the success of the Dominion.

Q. I have just one question for Mr. Kennedy, along that line. As I understand it, the capacity of the boats per passenger and immigrant from 1920 to 1924 has greatly increased?—A. That is due to the extra number of boats.

Q. And it is continuing to increase?—A. And the individual passenger-carrying capacity per ship is about cut in half.

Q. And the boats are still continuing to increase?—A. Yes.

By Mr. Kennedy (Glengarry):

Q. Why should they do that if they are losing money?—A. There were certain other services put on, which had been taken off. There is a service of two boats running to New York to-day.

Q. Could you give us the increase per year from 1921 to 1925?—A. That is obtainable, yes. It gets down to a matter of each ship of each line and what its carrying capacity is. It is purely a matter of arithmetic. I have not got it; I do not think it is compiled, but it is only a matter of taking each ship for each line and adding them together.

Q. But your information is that there has been an increase?—A. Offhand yes.

The CHAIRMAN: Have we finished with the passengers? If so, we will proceed to another item of business. I am sure we thank you, Mr. Maughan, for your illuminating and interesting evidence.

Witness discharged.

The CHAIRMAN: Who is the next witness?

WILLIAM THOMAS ROCHESTER PRESTON recalled.

By Sir Henry Drayton:

Q. Mr. Preston, since we adjourned your evidence, the file of letters has been produced. I see it starts—

Mr. DUFF: Have we decided to go into that confidential correspondence?

Sir HENRY DRAYTON: The Minister has now produced it.

By Sir Henry Drayton:

Q. I see this file commences with a letter of March 7, 1924?—A. Yes, Sir Henry.

Q. Then there are a lot of letters I shall not bother with, but looking through them I have difficulty in seeing when the "frank statement" was first reported to Mr. Low; that is, the alternative proposition, which has been referred to before.

By Sir Henry Drayton:

Q. When was it that the "frank statement" first got over to Mr. Low?—A. I am inclined to think I showed it to him when he came to London.

Q. So he did not know about it until he got to London?—A. I do not think so.

Q. Then the next letter, I notice, and to which I will draw your attention, is the letter of the 28th of April?—A. Yes, sir.

Q. In which you say, "I am in touch with interests outside of the Conference which do not look unfavourably upon some kind of an arrangement whereby the Government of Canada will be practically in control of freight rates"?—A. I see it, yes.

Q. Who were those interests with whom you were in touch?—A. Those interests in April, were, I think, the Lord Inchcape interests.

Q. It looked to me from the correspondence as if that came later on. Can you think of any others?—A. No, I cannot, at the moment.

Q. The reason I asked that was I thought the Inchcape matter first came up in a cable of May 13th, 1924, which I think we have already had?—A. Well, Sir Henry, there were—I cannot say exactly—I think three or four or five meetings before that point was reached.

Q. You remember the cable to which I refer, the one where you authorized conversation, and in which it says "Started with Preston and followed by myself", and signed "Larkin"?—A. That was in May.

By Sir Henry Drayton:

Q. Then on the same day you had that wire sent, you wrote a letter to Mr. Low, in which you say that you received to-day from the High Commissioner, a cable, which is self explanatory, and for obvious reasons "I thought it better to send in this form." What were the obvious reasons?—A. I preferred sending it through the High Commissioner, as I had been consulting him. I made a report to him and he thought he would write the Minister about it. I think that was the reason.

Q. You thought it would be better to have it in his name? Those were the obvious reasons?—A. That it would go through in that form.

Q. "Until we get closer I cannot tell what shape the negotiations may take." Those were the negotiations, I suppose, with Lord Inchcape?—A. Yes.

Q. Then you say before this "but this does not, by any means offer the only avenue for business," what other avenues were open at that time?—A. I had others in my mind's eye. I had nothing definite.

Q. Who did you have in your mind's eye at that time?—A. I had Sir William Petersen.

Q. Yes.—A. I had Lord Kylsant.

Q. When did he take form in your mind's eye?—A. I looked upon him as a possibility but I could not tell you how soon.

Q. That was before you got in touch—

By Mr. Symington, K.C.:

Q. Did you finish who you had in your mind's eye?—A. No. In another case I had Howard Houlder and his associates. I thought perhaps I might get in touch there. Then it was purely problematical in my own mind.

Mr. SHAW: I did not get the date of that.

Sir HENRY DRAYTON: The date of that is the third of May, 1924.

By Sir Henry Drayton:

Q. Then, you wrote on May fourteenth, 1924, to Mr. Low, giving him your advice as to the rate situation?—A. The fourteenth?

Q. May, fourteenth. You wrote him on May, fourteen. "I think there should be a reduction on present ocean freight rates generally to one-half the present conference rates, these to include ordinary natural products, manufactured articles and cattle"?—A. Yes.

Q. What rates had you before you at that time?—A. I had no particular rates.

Q. No particular rates?—A. No.

Q. Then on May 29th, the second paragraph of the letter, again to Mr. Low:

> "However, I am finally in close touch with the bigger interests of the combine."

Which were these bigger interests you were in touch with?—A. Oh! no, that is the second paragraph.

Q. Yes.

> "However, I am finally in close touch with the bigger interests of the combine."

—A. That was when we were coming to close grips with the Lord Kylsant interests.

By Sir Henry Drayton:

Q. "With the bigger interests of the combine." Who were they?—A. The Lord Inchcape interests.

Q. That is when you wired sometime before about that?—A. Yes. A meeting had been previously—I think the meetings continued with them and with the Inchcape interests, until the latter part of May.

Q. Finally that is all that you have reference to there, under that term, "the bigger interests of the combine."—A. Yes.

Q. Later on you say "the result of these representations—" that is the fifth paragraph?—A. I had better read it through before giving an answer.

Q. "The result of these representations to the influential persons referred to is that I am being placed in communication with the practical heads of the Atlantic Transportation Department."—A. That would be Lord Kylsant.

Q. That is who you referred to there?—A. Yes.

Q. How many heads was he putting you in contact with?—A. He was only putting me in contact, at the time, with Mr. Allsop, the General Manager.

Q. So the term "practical heads of the Atlantic Transportation Department," has reference to Mr. Allsop, the one gentleman, the general manager?—A. Yes.

Q. Now then, Mr. Preston, on the third of June, you got out a formal memorandum "re suggested Atlantic Steamship Service," have you got that one?—A. The third of June?

Q. Yes. Do you see that formal memorandum "re suggested Atlantic Steamship Service?—A. Yes.

Q. Whom did that go to?—A. This one here evidently—I could not tell you, at the moment, whether that went to the Kylsant or the Inchcape interests; one or the other.

Q. Either the Klysant or the Inchcape interests?—A. Yes.

Q. Kylsant or Inchcape?—A. Yes.

Q. This one is very much similar to what is referred to in your own report as a frank statement of the case, is it not?—A. Yes.

Q. I do not notice how that comes to the Minister. Did you give the Minister instructions on that at that time?—A. I got no—

Q. I do not see any covering letter, sending it to the Minister. I see no instructions to the Minister at all?—A. No.

Q. So we cannot find that. It is not my oversight; it is not there?—A. No, it is not there.

Q. And the only people that it went to would be, as you told us, Lord Inchcape and Lord Kylsant?—A. Later on, the same thing would have gone to Sir William Petersen and it would be later than that.

Q. Then, there is a cablegram of June 30th, 1924. Have you got that one? That is one sent by you to the Department, signed "Preston?"—A. Yes.

Q. "Responsible company now preparing to negotiate for Atlantic service, embracing immigration, cattle, grain, and general cargoes, in accordance with Government policy. Absolute secrecy essential to communications, account of opposing influence. Avoid publicity until completed. No question about financing,"etc. Now does that refer to the person?—A. That refers to the person.

The CHAIRMAN: What date is that sir?

Sir HENRY DRAYTON: June 30th.

The WITNESS: June 30, 1924.

By Sir Henry Drayton:

Q. Then you wrote your letter, which just covers that; I do not think it has anything in it of importance; confirming your cable. Then you have "private and confidential." A memorandum which sets out terms. "X is prepared to negotiate with the Government for a steamship service between Canada and Great Britain." Am I right in assuming "X" to be Sir William Petersen?—A. "X" to be Sir William Petersen.

Q. First, to be independent and free from control.—A. Of the Atlantic Steamship Combine or Conference.

Q. That is the first. Second, the Government to have control of the transportation rates to be charged. Third, emigration rates, Great Britain and Continent of Europe, not exceeding £6 or £8 from European ports to Canadian ports, rates per capita. Calculation of space for cattle to be upon a profitable basis. Freight rates on natural and manufactured products to be advantageous to producers seeking markets overseas, and so on. "X" is under contract and is now building a fleet of ten of the highest class ships, of the most modern type, with internal combustion engines." Have you verified that statement, Mr. Preston?—A. Well, I understood that from

Sir William Petersen. Either that, or he was going to; but I understood in sending this off, that he had entered into a contract to build those ships.

Q. You would not then say he had done it if he had told you he was contemplating it? You would have given the Minister the truth of course?—A. Well, I understood Sir William had contracts of that kind under process of completion.

The CHAIRMAN: I did not catch that last answer.

The WITNESS: That he had contracts, well, practically made.

By the Chairman:

Q. What is "practically made," Mr. Preston?—A. Well, that he had the contracts effected, or the contracts made

Sir HENRY DRAYTON: That is what he says, "X is under contract and is now building." It is not any question of proposed contracts?—A. No.

Q. "X is under contract and is now building a fleet of ten of the highest class ships of the most modern type." Now am I right in understanding, as I do, that that memorandum was drawn before the Hon. Mr. Low got over?—A. Oh yes, certainly. Oh, absolutely.

Q. That is what I thought.

The CHAIRMAN: May I interject a question here?

Sir HENRY DRAYTON: Certainly.

By the Chairman:

Q. Who gave you that information, Mr. Preston?—A. Sir William Petersen.

Q. Did he indicate where those ships were being built?—A. He did not.

Q. Did you enquire?—A. I did not.

Q. Is that the first mention of the subsidy?—A. I think so, Sir Henry; I think so.

Q. That is the first one I find, but I wanted to be sure that I was understanding the file properly. What was the date again that Mr. Low got over?—A. I could not tell you, but my accounts are here. They will probably fix it. I think it was some time in August; I simply do not know.

Q. From this file, apparently, you came back, and then returned to London; is that right?—A. That is quite right.

Q. That is what I understand?—A. Yes.

Q. When did you return to England?—A. I left here, I think, on the 26th of January.

Q. For your return voyage there?—A. Yes.

Q. There is a cable of September 19th, 1924?—A. Yes.

Q. Signed by you and going to the Department?—A. Yes.

Q. In which you say, "Not sailing pending your probable telegraphic instructions regarding strictly confidential question." What were those questions?—A. That was the question of the negotiations with Sir William Petersen. When Mr. Low left London, of course he had not completed anything, and I was to remain there pending instructions from him. If he wanted to communicate anything confidential to Sir William Petersen, I was to tell him.

Q. "Certain persons anxious not to introduce other channel." I suppose he wanted to keep you there so that there would be no other channel of communication?—A. That is right.

Q. That is how I would understand that?—A. Yes.

Q. Then there is a cable from the Minister apparently from Renfrew?—A. Of what date?

Q. September 29th, 1924?—A. Yes.

Q. "We are ready to discuss matter with Jones"?—A. Yes.

Q. Who is Jones?—A. Jones was Sir William Petersen, intended for Sir William Petersen. It was thought better that his name should be withheld from all letters or cables, lest the negotiations should leak out.

Q. So that when we see "Sir William" it is him, and when we see the word "Jones" it is him too?—A. Yes.

Q. September 30th, 1924: "As soon as I received your cable this morning, I got in touch with X." That would be Jones?—A. That would be Sir William.

Q. Apparently then from the cables, you left in October for Canada; did you have to do with the negotiations in Canada, Mr. Preston, or did Mr. Low?—A. No.

Q. You did not?—A. I had nothing whatever to do with them; in fact I got out of the way every time there was a risk or a chance of Sir William Petersen and Mr. Low meeting.

Q. Then you returned in the winter?—A. I left here, I think, on the 26th of January.

Q. It must have been about that time, because I notice a cable from you to the Department that you had seen Sir William Petersen, "everything right, telegraph Monday perhaps purchase the entire Government Marine." That is the cable of February 6th, 1925?—A. February 6th.

Q. Then I notice a cable to you "care of Senate, London"?—A. Who is Senate?

Q. I am puzzled about that myself?—A. I think that is one of the cable addresses, it must be of the High Commissioner's office. I had never seen it before, so I don't know. However, the cable reached me.

Q. Is that Sir William Petersen's cable address?—A. I don't know.

Q. It would not be his?—A. I don't know.

Q. So that it would be something that would come in to the office?—A. I asked at the time how it was addressed to Senate, and someone in the office, I could not tell you who, told me that it was an address in the office.

Q. The last thing I will trouble you with is a cable of March 1st; "Please consider carefully my recommandation in London letter to make provision for operating expenses in the bill ratifying contract." What are those expenses?—A. The ordinary operating expenses, shipping expenses. If you wish, I will tell you how that cable, or that telegram came about. I met Sir William Petersen or some of his financial associates, and they complained that there was a fear respecting the subsidy, or respecting the operation of his Line, unless there was some provision made outside of the mere mention of Government control of rates, that there should be an understanding that ordinary straight operating expenses should be taken into consideration.

Q. In fixing rates?—A. In fixing rates. These financial men, at least one of them said another Government might come into power, that it might be all right with this Government, but in course of time another Government would come into power with a change in public opinion, and in that event, if the Government did not look favourably upon the service, it could with one fell blow, ruin the service, and they wanted, in view of the financial aspect af the case, to be assured that operating expenses would be allowed, so that the rates would not be cut down beyond and possibility of paying. That is how that matter came about.

Q. Let us see how you would understand that. Mr. Preston; what was the scheme, how was it to be got at?—A. Through the accountants, and I presume just such papers as the Captain produced here the other night.

Q. What is your idea of allocation in connection with those expenses, having regard to the different commodities carried?—A. I had no other idea than just the operating costs, voyage costs or whatever they might be, of the service.

Q. Was it the idea that these expenses were to be allowed to be earned over and above all that subsidy?—A. I could not tell you as to that.

Q. What form was it to be in?—A. There was nothing put in writing, Sir Henry; there was just a discussion by these people, about some provision being made so that an adverse Government, should there be one, desiring to destroy the service, should not have it in its power to do so.

Q. Who are these people who told you that; who were they?—A. I could not give you their names; they were introduced to me as persons with whom Sir William was treating regarding the general management of things.

Q. Your confidence would not allow you to give away their names?—A. I don't know. I had never met them before and have never met them since.

Q. Was it worked out at all to show how that provision should come in?—A. No. It was a matter for the Minister here to make provision for.

Q. You apparently discussed it with the Minister, besides that cable?—A. After I came out, after I came back.

Q. But before that I think there is a reference in that cable to another source of possible information; "Please consider carefully my recommendation in London letter." Can you tell me which letter that is?—A. No, I could not.

Q. Well, is it on this file? Because frankly, I cannot find it. It is the letter of the most importance, because it will give us something definite to show what was the basis of the negotiations.—A. No, I do not see any letter on the file.

The CHAIRMAN: Sir Henry, would you mind if we adjourned now?

Sir HENRY DRAYTON: Perhaps the Minister could let us have that letter, because this file is by no means complete. Anyone going through it can see it is not at all complete; you will see references in connection with dates showing it has not been tied up, and this question of operating expenses is something which is really of interest. It is set out in this London letter, and it cannot be a very old matter, because this cable is the last thing on file, and it is of March 1st of this year, and I should think the letter would be about that date. But it is not here. There is no March letter here.

The CHAIRMAN: Hon. Mr. Sinclair will draw this to the attention of his colleague. Shall we adjourn now until 3.30 o'clock next Tuesday?

The witness retired.

The committee adjourned.

PARLIAMENTARY SESSION, 1925

Special Committee appointed to consider the

Resolution

to Give the Government of Canada Control over Certain Ocean Rates

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Proceedings of the Committee

No. 21—Tuesday, May 26, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee.

Messrs. George H. Montgomery, K.C., E. P. Flintoft, C. Russell McKenzie, for the steamship companies.

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. W. T. R. Preston, Ottawa, Gentleman (*Continued*)

Captain John O. T. Berlin, Master of SS. *Cairnmona*

Mr. William Kay, Chief Engineer SS. *Cairnmona*

Mr. Gordon W. Scott, Chartered Accountant, Montreal.

EXHIBITS

No. 84—Crew list of SS. *Cairnmona* filed by Captain John O. T. Berlin. (Not printed)

No. 85—Abstract of log of SS. *Cairnmona,* filed by Captain O. T. Berlin. (Read into evidence)

No. 86—Abstract of Chief Engineer's log of SS. *Cairnmona,* filed by William Kay. (Read into evidence)

No. 87—Report on and statements compiled from voyage summaries of various steamship lines operating in the North Atlantic Canadian Trade.

OTTAWA
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1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
COMMITTEE ROOM No. 277,
TUESDAY, May 26, 1925.

The Committee met at 3.30 o'clock, p.m.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Johnston, Kennedy (Glengarry), McKay, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—11.

The Chairman, Mr. McMaster, was unavoidably absent, and, on motion of Sir Eugene Fiset, seconded by Mr. McKay, Hon. J. E. Sinclair was unanimously selected as Chairman, pro tem.

Mr. W. T. R. Preston, Ottawa, Gentleman, who was again in attendance, was called, was further examined and retired.

Captain John O. T. Berlin, Master of ss. Cairnmona, who was in attendance, was called, sworn, examined and was discharged from further attendance.

During the course of his examination Captain Berlin filed Exhibit No. 84, Crew List of ss. Cairnmona; and Exhibit No. 85, Abstract of Log of ss. Cairnmona, Record of Voyage No. 38, from Leith to Montreal and from Montreal to Newcastle.

Mr. William Kay, Chief Engineer of ss. Cairnmona, who was in attendance, was called, sworn, examined and was discharged from further attendance.

During the course of his examination Mr. Kay filed Exhibit No. 86, Abstract of Chief Engineer's Log of ss. Cairnmona.

The Committee adjourned at 5.45 o'clock, p.m., to meet again at 8.30 o'clock, p.m., this day.

The Committee reassembled at 8.30 o'clock, p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Johnston, Kennedy (Glengarry), McKay, McMaster, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—12.

Mr. Gordon W. Scott, Chartered Accountant, Montreal, who was again in attendance, was further examined and retired.

During the course of his examination Mr. Scott filed Exhibit No. 87, Report on and Statements compiled from voyage summaries of various steamship lines operating in the North Atlantic Canadian Trade.

The Committee adjourned at 10.45 o'clock, p.m., to meet again at 3.30 o'clock, p.m., to-morrow, Wednesday, May 27, 1925.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,
HOUSE OF COMMONS,
TUESDAY, May 26, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 3.30 o'clock p.m.

The Chairman, Mr. McMaster, being unavoidably detained, Hon. J. R. Sinclair, was selected as Chairman, pro tem.

The ACTING CHAIRMAN: Are we through with the witness who was on the stand at the last hearing?

Mr. SYMINGTON, K.C.: No, I think not. I have just sent out for him.

William Thomas Rochester Preston recalled.

The ACTING CHAIRMAN: You understand you are under the same oath as at the previous hearings?

The WITNESS: Yes.

By Sir Henry Drayton:

Q. When we adjourned, I was asking you about the London letter. Have you been able to find the London letter?—A. I have not.

Q. You have not been able to find the London letter?—A. No.

Q. You have no copy yourself?—A. No.

Q. Have you gone to the Department to see if they can find it?—A. I have not.

Q. Can you give us any idea why it is not contained in the departmental files?—A. I do not know anything about it, Sir Henry.

Q. So your evidence is, in connection with the letter produced as of March 1st, in which you say: "Please consider carefully my recommendation in letter—" ?—A. That is a cablegram.

Q. Oh yes, a cablegram, saying, "Please consider carefully my recommendation in letter to make provision for operating expenses and bill ratifying the contract"—you cannot tell us anything about that letter?—A. I cannot.

Q. Or why it is not produced by the Department?—A. I cannot.

Q. You have no personal recollection of it?—A. I have a recollection of writing it.

Q. What did it cover?—A. It covered a little more than the suggestion there about the operating expenses, and telling the Minister—if my memory serves me right—that I had met some of Sir William's friends, who had assisted him financially, or taken an interest in it, and they regarded the omission of that from the contract as a very serious objection.

Q. You were not able to give me the other day the bases upon which it was to be considered?—A. That is, as to the extent of the operating expenses?

Q. Yes?—A. No, only the meaning of "Operating expenses."

Q. You cannot give us anything more definite than that?—A. Nothing more definite than that, no.

Q. When you were in England, Mr. Preston, did you have before you any information as to the earnings of profits of any of the companies in the years 1923 and 1924?—A. No, I had not.

Q. Or 1922?—A. No.

Q. You had not?—A. No.

Q. Then when you came back from England did you have negotiations with anyone on this side, having regard to the companies?—A. To the companies?

Q. Yes?—A. No.

Q. Nor with the railways?—A. No.

Q. Did you see any of the C.P. Railway people, for example?—A. No.

Q. Or did you see Sir Henry Thornton or anybody in connection with the Canadian National?—A. Not to discuss that. I met Sir Henry Thornton once, but just at the moment I cannot tell you exactly what time it was.

Q. Did you discuss with him the question of this Peterson contract, or anything akin to it?—A. No; it was just a casual reference to it, that is all—no discussion.

By Mr. Symington, K.C.:

Q. Mr. Preston, just to clear up one or two points: if you will turn to Page 6 of your Report, there seems to have been difficulty in getting before the Committee exactly what the immigrant rates were. You state that the steerage rate from Great Britain and Europe to North America was approximately £7 sterling. Have you any knowledge of your own that immigrants were carried at that rate?—A. At £7?

Q. Yes?—A. Only conversation in the Department about it. The £7 came on after my time, Mr. Symington.

Q. What was it in your time, at which you know immigrants were actually carried?—A. I actually know immigrants were carried from the time I went there, about '98, until the Elder-Dempster people went out, at £3 10s. Then, in 19—

Q. That is, from 1898 until the Elder-Dempster people went out?—A. Yes.

Q. Approximately when would that be?—A. About 1903 or 1904, I think; I can give you the exact date—

Q. That is near enough; I do not care whether it was 1903 or 1904.—A. Yes. Then there was a Conference rate—just when it came in I cannot tell you—of £5 10s.

Q. And immigrants were carried at £5 10s.?—A. Immigrants were carried at £5 10s.

Q. Was that, roughly speaking, immediately after the Elder-Dempster went out?—A. Oh, no, before the Elder-Dempster went out.

Q. Before the Elder-Dempster went out?—A. Yes.

Q. Coming then, you say, to 1914, £7 sterling. You say you know immigrants were carried at that?—A. That was the talk in the Immigration Office at London; that is my knowledge of it. In 1907? Later than that.

Q. I said 1914?—A. Yes, some time in 1914.

Q. Now then, you make a statement that the rate for immigrants to South America, 6,600 miles, is less than the regular rate to Canada, 2,600 miles. Do you know that to be true?—A. I only know it from the Royal Steamship agents in Vienna. They told me the rate was about £1 less than the rate to Canada.

Q. Any explanation of that?—A. No, no explanation.

Q. On page 24, you have certain figures with respect to what it costs to carry a family; at the top of page 24, of your report?—A. Yes.

Q. Where did you get those figures?—A. Pre conference times—I took it from the Elder-Dempster figure, that was so prevalent at that time, £3/10.

Q. 1900, you have here?—A. Yes.

Q. You simply multiplied it by the number of people travelling?—A. Yes.

Q. You do the same with the others?—A. I do the same with the others.

Q. This is simply a computation of your own, made from the prevailing rates?—A. Made from the prevailing rates, yes. Perhaps, before you leave that, I had better say that also, from 1907 to 1910, there was again a £3 rate in existence, by a line of steamers run by Sir William Peterson from one of the Southern ports to England and Halifax and the United States, into which we poured thousands of emigrants.

Q. That was actually between 1907 and 1910?—A. It may have gone to 1911 or 1912, but four or five years in there.

By Hon. Mr. Stevens:

Q. What was the name of the steamship line?—A. I could not tell you. Sir William Petersen will tell you the name.

By Mr. Symington, K.C.:

Q. He gave the rate, £3/10?—A. Yes.

Q. He was the one who was operating?—A. Yes. I know that, because I introduced the Continental agent to him, and this means he made connections, giving him a very large immigration contingent for every voyage, whose commission amounted to £30,000, I believe.

Q. On page 14, where did you get that schedule, on the top of page 14?—A. The schedule came from the Department of the President of the Board of Trade.

Q. In London?—A. Yes.

Q. Those were figures furnished by the Department of the President of the Board of Trade, in London?—A. These figures here were furnished me by, I think, the Deputy Minister, or whatever they call him.

Q. On page, 15, where did they come from?—A. That schedule came from the schedule of freight rates, the Continental and English rates, issued by the Conference; at least, by conference lines.

Q. You got these on the other side, from the tariff of conference lines?—A. Yes, one of the conference lines.

Q. Have you got that tariff with you?—A. No.

By Sir Henry Drayton:

Q. On page 18, that schedule came from where?—A. That schedule came either from the Massey Harris Company or the Canadian Manufacturers Association. That came from the Canadian Manufacturers Association, just as it appears.

By Mr. Symington, K.C.:

Q. My friend, Mr. Montgomery, was examining you, and you seemed to be at some cross purpose, with respect to discriminating against Canada. On page 6, you make a statement about discrimination: "According to the records of the Department of Trade and Commerce a pronounced discrimination was immediately declared against Canadian ports and in favour of American ports as the settled policy of this steamship combine." Have you anything to add with respect to these records?—A. Yes, I have, growing out of correspondence, dated February 22, 1912, a general complaint regarding the decided advantage of shipping hay via Boston, compared with Quebec and Montreal. Attached to this schedule are freight rates on hay from Montreal and New York, comparative; from Montreal, Quebec and Boston ports, to Liverpool; the freight rates on hay to Glasgow from Montreal, St. John, N.B., Portland and Boston.

Q. What do they show?—A. They show, on the whole, a marked discrimination against Canadian ports. If it is desirable, I will read them.

By Mr. Duff:

Q. What year is that?—A. A marked discrimination against Canadian ports.

Q. What year?—A. 1911.

Q. 1912, you said?—A. The letter is dated 1912, but they were evidently referring to the preceding year in the office. I will take where they are together: St. John, in November, 1911, the rate was 35 shillings; from Boston it was 15/9d. plus 5 per cent.

By Hon. Mr. Stevens:

Q. For what?—A. Hay, per ton. In July 1911, from Montreal, 20 shillings net; from Boston in July, it was 10 shillings. From Quebec, in July, it was 20 shillings; from Boston, during the month of August, it was 11s. 3d., 12s. 6d., 16s. 3d., 15 shillings, 17s. 6d. and 5 per cent primage, whatever that means.

Q. That is sufficient of that. Have you any others?—A. File number 1211, extract from a letter from A. A. Wright, managing director, St. Lawrence and Chicago Steam Navigation Company, Limited, 600 and 605 Board of Trade, Toronto, dated December 31, 1910. I have only taken a paragraph from the letter. It is a long letter, dealing with the necessity of providing navigation for the St. Lawrence.

By the Acting Chairman:

Q. Is it addressed to you?—A. No, to the Department.

"CANADA VS. UNITED STATES GRAIN RATE TO UNITED KINGDOM

"I would also point out that we have carried grain to Buffalo with our boats when the rate from Buffalo to f.o.b. ocean vessel New York was more than the rate from Fort William to Montreal all water. The reason being that ocean rates from United States seaboard were much lower than those out of Montreal that shippers could afford to pay us one and one quarter cents per bushel from Fort William to Buffalo and do better than they could, sending the grain through to Montreal."

By Mr. Duff:

Q. Is it the same discrimination that has existed since 1921 to date?—A. I am coming to that in a moment.

Mr. SYMINGTON, K.C.: You will remember that Mr. Preston was somewhat severely cross-examined by Mr. Montgomery for making the statement, that according to the records of the Department of Trade and Commerce, a discrimination was immediately declared as the settled policy of the combines, that is, following the elimination of the other lines.

Hon. Mr. STEVENS: Would it be possible to put all these figures in, if you want to get the truth?

Mr. SYMINGTON, K.C.: It was 35 shillings in November, December, January and February as against St. John, 35 shillings, the same rate.

The WITNESS: I think the whole thing should go in, though it is not for me to say.

Mr. SYMINGTON, K.C.: Portland is always considered a Canadian port because it is the terminus of the Grand Trunk. I have no objection to it going in.

Mr. DUFF: Do you not think it goes too far back?

Hon. Mr. STEVENS: I do not think it would be a bit of use.

Mr. SYMINGTON, K.C.: The witness was somewhat severely criticised for not having records on which he made the statements.

Mr. DUFF: I do not see why it should all go in. It is all right to ask questions.

The WITNESS: Mr. Duff asked me if things continued later. In October, 1919, a question was asked in the House of Commons, as to whether there was a parity of rates on grain between New York and Montreal; it was asked by Mr. Armstrong of one of the Lamptons. A questionnaire was sent out to one of the steamship companies. All the steamship companies, with one exception replied that there was a parity of rates, but Mr. Wood, of the Canadian National Railway, wrote the Deputy Minister of Trade and Commerce, on October 30, 1919, as follows:—

"You ask of the rates now charged, etc., etc.

"In order to answer your inquiry fully we must go back to the opening of navigation at Montreal.

"If memory serves me right, in the spring, the represented space on the regular lines by the British Government amounted to approximately seventy per cent, and as the lines only had thirty per cent available for general merchandise, they considered it was perfectly justifiable for them to go into the market and obtain traffic at the highest possible rates. In other words, all that the business would stand. As the requisition of the British Government became lighter, that is, having been reduced to something like 50 per cent in mid-summer, commercial rates eased off to some extent and in some cases, the regular lines accepted United States Shipping Board rates and no others were able to obtain a higher figure, the shippers themselves being eager to secure space, and preferred to send perishable traffic over the port of Montreal rather than in United States ports, where they could have obtained lower rates. The lines will not meet U.S. Shipping conditions in cases where it is a matter of policy."

In 1911, there was considerable correspondence, and I would prefer to see the whole thing filed and put on the record here, but that is not my business. This letter appears:

"Toronto, October 8, 1901.

"Honourable WILLIAM PATTERSON,
Minister of Customs,
Ottawa.

"My Dear Mr. PATTERSON,—You may probably recollect a conversation I had with you at the Chateau Frontenac Hotel in Quebec some three weeks ago in connection with the rate of freight charged to Halifax and St. John by the Furness-Withy Line.

"You stated at that time that you thought this Line received a subsidy from the Dominion Government; and I stated to you that considering the fact that this Line was granted a subsidy by our Government, it was very wrong that they should hold up the Halifax and St. John importers in this way.

"The same Line carry freight to Boston in competition with other American Lines at 10 shillings per ton of 40 cubic measurement, while they charge Halifax and St. John importers 22/6, plus 10 per cent primage per ton of 40 cubic feet measurement. (I am speaking of tea brought forward from London.)

"This line has control of the whole Halifax and St. John trade, and virtually controls the Boston route.

"A year ago we laid several shipments of tea down to St. John on through B/L from London by way of Boston to St. John, carrying the tea from Boston by rail, and laid the tea in St. John at 35 cents per hundred pounds, as against Furness-Withy rate of 22/6 plus 10 per cent primage, which equals 65 cents per hundred.

"After a short time Furness-Withy found that we were bringing forward tea on their own vessels via Boston, and shipping the same by rail to St. John, and that they were carrying the tea to Boston for us at the 10 shillings rate, and were therefore losing 12/6 additional freight by the teas not being sent by another steamer of their own line running to St. John, and they refused to accept our teas from St. John via Boston, compelling us to ship them on another steamer of their own line going to St. John and charging us 30 cents per 100 pounds more.

"The result of these exorbitant rates is that while in the past Halifax and St. John were bringing forward the majority of their teas from London, a number of the large importers prefer to bring forward these teas direct from Calcutta and Colombo by steamer to New York and have them transhipped on a local steamer to either Halifax or St. John.

"It appears to us very wrong that teas should be laid down via Boston, Philadelphia or New York from London, England, to points like Toronto, Hamilton and Chicago at less cost than it takes to lay teas down in either Halifax or St. John from London, which are seaport towns.

"The high rates that are prevailing are having the effect of putting the business into other channels; and where we in Toronto would be very pleased to have our teas come forward to points like Montreal, Kingston, Ottawa, Toronto and Hamilton by way of the I. C. R. at Halifax, or the C. P. R. at St. John provided rates were equal, we are obliged to give the haulage of these teas to American routes.

"You kindly offered when I saw you in Quebec to bring this matter to the notice of Mr. Fielding, and I shall be pleased if you will do so.

"Thanking you for your kindness, I am

"Yours respectfully,

"(Sgd.) JAMES SCOTT."

Sir EUGÈNE FISET: I propose these to be filed as exhibits, without being read.

The WITNESS: I did not want to open it up but my statements were challenged.

The ACTING CHAIRMAN: Will we file it or have it printed?

Hon. Mr. STEVENS: They ought to be filed fairly and analyzed. If you analyze this statement, it conveys a very much different impression than by picking out here and there a few isolated cases. I think this section of the evidence ought to be discarded, because it is of no value to us, unless you are prepared to analyze it and do it fairly, and when you have done that you have nothing.

By Mr. Symington, K.C.:

Q. Now, Mr. Preston, that cleans up those Departmental records?—A. That is, part of them.

Q. You told Sir Henry Drayton, in answer to questions, that, following your first efforts over on the other side, you saw Lord Inchcape and his interests?—A. No, I saw his interests. Pardon me, the first one I saw among those was Lord Kylsant. I remember it was the early part of May, owing to circumstances which are very clear in my mind.

Q. You saw Lord Kylsant and Lord Inchcape? Any other interests?—A. No, no other interests. I made application to another one but could not get an audience.

By Mr. Montgomery, K.C.:

Q. You have just answered to my learned friend to the effect that you saw Lord Inchcape. Is that correct?—A. I beg your pardon. I made it very clear that I saw Lord Inchcape's interests.

Q. You said in your last answer that you saw him?—A. I saw his interests.

Q. Well, now, what do you mean by you saw his interests?—A. I saw a member of his company, a Mr. Hughes. I said that on one of the last occasions that I gave evidence; at least a gentleman who was introduced to me as Mr. Hughes, and I presume it was.

Q. I should suppose that these negotiations, which you say extended over several weeks, if they were with Mr. Hughes they would enable you to speak without any qualification as to whether he was or was not?—A. He was a gentleman who was introduced to me as Mr. Hughes, and I saw him three times, I think.

Q. You saw him three times in what month?—A. In the month of May.

Q. All three times were in the month of May?—A. All three times were during the month of May.

Q. Where?—A. In his office.

Q. But where?—A. In the city, I could not just tell you the street.

Q. I just wanted to ask a question about your former evidence?—A. I was accompanied by Mr. G. J. Allen, ex-mayor of Croydon.

Q. I find that this evidence was taken on Friday by the reporter who is here now; it might be convenient before he leaves to take up a little matter where the evidence does not seem to agree with my recollection of it. It is not perhaps of much importance, but at the time it made some impression upon me. It is on page 863 of the printed copy. I merely wish to draw your attention to it. It was in the course of Sir Henry's examination, and it was about the cable address. You will see it about the middle of the page:—

> "Q. Is that Sir William Petersen's cable address?—A. I don't know.
> "Q. It would not be his?—A. I don't know.
> "Q. So that it would be something that would come into the office?—A. I asked at the time how it was addressed to Senate. Someone in the office told me, I could not tell you who, that it was an address in the office."

Q. That is decidedly opposed to my recollection of your evidence.

Sir HENRY DRAYTON: The difference is this, Mr. Montgomery. I remember the question, so that there is no doubt about it. The questions are correct, but the answers are somewhat different, or changed.

By Sir Henry Drayton:

Q. That is on page 863. What was the answer, Mr. Preston?—A. The answer was that it was not his address, that it was not Sir William Petersen's address.

Mr. MONTGOMERY, K.C.: The answer was that he did not know.

Sir HENRY DRAYTON: Then I come back to it again and he was very definite.

The WITNESS: I never heard of it being Sir William Petersen's address.

By Mr. Montgomery, K.C.:

Q. Why is it changed?—A. I say now that I never heard of it being his address. The only address I have ever known is his name spelled backwards.

Sir HENRY DRAYTON: The evidence seems to be changed in one particular; I don't know that it is of any importance.

The WITNESS: I say the same thing now, that I don't know anything at all about it. The telegram was delivered to me in the High Commissioner's office.

The ACTING CHAIRMAN: What is the point, Mr. Montgomery?

Mr. SYMINGTON, K.C.: I would like to get this thing cleared up.

By Mr. Montgomery, K.C.:

Q. On page 6 you were examined in regard to the suggestion of discrimination, or immigration rather, and you spoke of a rate of 3 pounds 10 shillings which you say was paid the Elder-Dempster Line?—A. Yes.

Q On page 4 you draw attention to the fact that the Elder-Dempster Company were paid a special bonus?—A. Yes, they were. A bonus was paid to all booking agents in the United Kingdom.

Q. I just want an answer to the question, Mr. Preston?—A. I cannot explain the other without explaining that instead of paying it to the booking agents we paid it direct to the Elder-Dempster Company.

Q. I am only interested in the one thing. Just answer the question shortly. —A. I will answer it.

Q. That the Elder-Dempster Company gave that rate and were receiving a bonus?—A. Yes; the same bonuses were given to every shipping and booking agent.

Q. That is your evidence now, that they were receiving the same as the other booking agents were getting?—A. Yes.

Q. Turn to page 4 of your Report and see if it tallies?—A. Yes, they were receiving a special bonus, and that is what I wanted to explain to you.

Q. Your evidence was that they were receiving the same bonuses as other companies were getting?—A. I won't allow you to put words into my mouth, Mr. Montgomery. We were paying no bonuses to the shipping companies; we were paying bonuses to the different booking agents, and the Elder-Dempster Company were getting the special bonus that the booking agents got, but the shipping companies were not getting the bonus.

Q. Is that all you have to say?—A. That is all I have to say upon it.

Q. A moment ago you told us that the Elder-Dempster Company were getting the same bonuses as the other shipping companies?—A. I said the same as the other booking agents.

Q. I asked you whether the Elder-Dempster Company were receiving a special bonus?—A. They were receiving no special bonuses as between shipping companies, because the shipping companies were receiving nothing.

By Mr. Duff:

Q. They were acting as booking agents?—A. They were acting as booking agents, Mr. Duff.

Q. Is this your suggestion, that the Elder-Dempster Company were receiving a bonus which the other shipping companies did not get because the Elder-Dempster Company were acting as booking agents?—A. Yes.

By Mr. Montgomery, K.C.:

Q. Now turn to the page and see if that tallies with your suggestion?—A. It tallies exactly.

Q. On page 4 of your report the suggestion is that the Immigration Department was authorized by the Government to pay the Elder-Dempster a special bonus in view of the company remaining out of the Combine?—A. Yes.

Q. So that it was either a special bonus that was paid to them in view of their remaining out of the Combine, or the fact that they had this 3 pounds 10 shillings rate, or that it was a bonus for acting as booking agents?—A. It was paid for that as well as for staying out of the Combine.

Q. For acting as shipping agents, or for both?—A. I think I have made it plain that they were as a company getting a bonus that they might be kept out of the Combine, on the ground as I told you that they had no booking agents, and that was our justification for paying it to them direct.

Q. If you think you have made it clear, all right?—A. I cannot make it any clearer to you than I have made it.

By Mr. Duff:

Q. How much were they paid per head?—A. I think it was 8 shillings, although I would not be positive.

By Hon. Mr. Stevens:

Q. Somebody got 30,000 pounds commission; was that the Elder-Dempster Company?—A. No.

Q. Who was that?—A. He earned 30,000 pounds,—so Sir William Petersen tells me—on commissions for getting the immigrants that Sir William carried, between 1907 and 1910 or 1911, along in those years.

Q. Who was that?—A. A man named Laulandy, a German. Sir William Petersen will give you all the particulars about that.

By Mr. Montgomery, K.C.:

Q. On page 14 of your Report you have a tabulation. Have you the original information which you received from the Department or the President of the Board of Trade of London?—A. No, I have not.

Q. Did you receive it in written form?—A. Yes.

Q. I would like to see it; can you find it for me?—A. I will make inquiries. Something occurs to me at the moment.

Q. That is one of the most important Exhibits in support of your Report; surely you kept that?—A. I know the figures are correct.

Q. I would be rather more convinced if I could see the original you received. Now that is a very important exhibit in your report?—A. Yes.

Q. Surely you would have that information?—A. I have an idea as to who I gave it to and I will make enquiries. I will not mention any names until I do.

Q. You have not given away all your exhibits?—A. Well, I put it in the right place if I gave it away and I will make enquiries.

Q. You put it in the right place? Have you any objection to tell us where that place is?—A. None whatever. I think I gave it to Mr. Low but I will not be positive.

Q. Perhaps you will ask the Minister?—A. I will. I think I gave it to him in England.

Q. But this report was not written in England?—A. No it was not.

Q. Did you get it back from the Board before you wrote the report?—A. No, I must have taken a copy of it.

Q. Then you must have the copy?—A. Well, I shall look through and see if I have.

Q. That is rather unsatisfactory Mr. Preston.—A. I do not expect to satisfy you, my dear Mr. Montgomery, on anything.

Hon. Mr. STEVENS: It is the Committee you have to satisfy.

The WITNESS: I am trying to satisfy the Committee and I think I will be able to.

By Mr. Montgomery, K.C.:

Q. If you will just bear in mind, Mr. Preston, throughout your examination you have been told that we are anxious to have here the originals of any exhibits you have used?—A. Quite so.

Q. I have asked you repeatedly for them and I would have hoped you would have that borne in upon you by this time. In any event you are unable to give us the original document of which page 14 appears to be a reproduction. —A. If you wish, I will write to the President of the Board of Trade as to the figures that are attached to that, and if the figures are not absolutely correct I will ask the permission of the Committee to withdraw my whole report.

Q. I am not asking that. I am asking only the exhibit in support of that statement. But you cannot give it to me?—A. No, I cannot give it to you.

Q. Now on page 15 your next schedule. I understood you to say that you got that from one of the tariffs of the Conference?—A. I got that from one of the tariffs of the Conference, yes.

Q. The tariff from which Conference?—A. I am not going to tell you that, Mr. Montgomery, by any means.

Q. You cannot then tell me the name of the Conference and tariff you got, or what tariff it was?—A. No, I will not tell you the name or what tariff. I have checked every part of it from the tariff, put down here, but I know enough about the workings of a combine, and the sources from which I got that, to know what they would get very well. I would pity them.

By Mr. Duff:

Q. Would they be excommunicated or ostracised?—A. Ostracised, absolutely. Perhaps the Montreal *Gazette* would do with them what they did with me, and advise that a Mills bomb be put in my pocket.

By Mr. Montgomery, K.C.:

Q. The threats are not coming from our side at all. Perhaps there is some misunderstanding; I am not asking you from what individual you secured a tariff, but I am asking you what tariff you secured?—A. I cannot tell you which Conference it was, but it was a North American Conference.

Q. It was a North American Conference?—A. Yes.

Q. But you do not know which Conference?—A. No, Mr. Montgomery, I do not.

Q. Whether eastbound or westbound?—A. Oh, westbound. It was westbound of course.

Q. Do you know for what year it was?—A. The year 1924.

Q. Now so that we may be quite distinct upon that, what was the document that you saw, or did you yourself see any document?—A. Yes, I did.

Q. What was that document?—A. I am not going to put you on the track of where that document came from, Mr. Montgomery.

Q. I am not asking you to put me on the track of anything; I am asking you what that document was that you saw. Was it a schedule of tariffs?—A. A schedule of tariffs, yes.

Q. In what form?—A. In what form? You are not going to get after the person who gave me that tariff, you can make up your mind on that as well first as last.

Q. I want your recollection?—A. I have had the combine on my neck for 20 years, and I do not propose to put them on anyone else's neck.

Q. Mr. Preston, I am merely testing your recollection upon these circumstances. I merely want to know whether it was a book you saw or sheet of paper or what it was that you saw?—A. No, it was not a sheet of paper.

Q. I do not want to ask you a dozen questions. Tell us frankly what it was.

By the Acting Chairman:

Q. Did you take it from the tariff schedule?—A. I copied this out of the book myself.

By Mr. Montgomery, K.C.:

Q. Then it was out of a book you copied it?—A. Yes. Out of, I do not know how many pages; forty probably; thirty or forty.

Q. Out of a book of thirty or forty pages?—A. Yes.

Q. Being a westbound tariff, the tariff of the westbound Conference lines? —A. Yes.

Q. That is all, Mr. Preston, thank you.—A. No, I am not done, Mr. Montgomery. I have got some things here to clear up please, with the permission of the Chairman.

The Acting Chairman: Do you wish to make a statement, Mr. Preston?

The Witness: Yes, sir, I would like to make a statement regarding some questions raised in the so-called "White Book."

By Sir Eugene Fiset:

Q. What is meant by the "White Book"?—A. The reply to my pamphlet, general. I will make them very short.

By Hon. Mr. Stevens:

Q. Before you do that, Mr. Preston, would you mind stating whether or not you received this telegram dated Ottawa, February 19, 1925, and addressed, "Preston, c/o Senate, London"?—A. I received that in the High Commissioner's Office, Mr. Stevens.

Q. It was delivered to you from the High Commissioner's Office?—A. Yes, from the High Commissioner's office.

Q. What did you go over for the second time, Mr. Preston?—A. What did I go over for?

Q. Yes.—A. I had two objects in going over. One, I was pretty well worn out with strenuous work I had been putting in for 12 or 13 months and I wanted a rest. And also I had left some papers in London, when I left there, in an iron box at my daughter's, and I was very anxious to get some of them, in case certain contingencies arose. The principal reason for going over was on account of my health.

Q. They kept you pretty busy while you were over there?—A. I landed into a hornet's nest.

Q. Did that improve your health?—A. Well, I went on a slow steamer both ways and had a very good rest.

Q. Here is another wire dated London, February 6, 1925, addressed to the Minister and signed "Preston." "Confidential. Have seen Petersen. Everything right. Telegraph Monday if there has been proposal to purchase the entire Government Marine."—A. Yes.

Q. Did you go over on the second trip to negotiate the sale of the ships of the Canadian Government Merchant Marine?—A. No sir, I like a hard job, but not for me, thank you; nothing that kind.

Q. But you seemed to meddle in it.—A. Do you want to know how I got into that? I will tell you very frankly.

Q. Surely.—A. The Minister nor, I don't think any member of the Government, knew I was leaving town. I don't think anyone outside of my own family and the ticket agent knew I was leaving town. I called on Sir William Peterson, of course, and asked him how things were going on. He took me into his confidence and told me how things were moving, and the same evening he told me:

"I am thinking of making an offer for the Canadian Government Merchant Marine." "Well" I said "you have got a great deal of courage; the offer I would make for it would be to buy enough dynamite and take it out in the middle of the Atlantic and sink it." I said, "If you will take my advice, you won't make any offer for the Canadian Government Merchant Marine, if you want to make any money out of it."

My statement is questioned in regard to the control and to the division of the emigrants.

The ACTING CHAIRMAN: Page?

The WITNESS: On page 14. Coming from Europe to either Canada or the United States; that and controlling the emigration routes. Mr.,—the English gentleman,—Mr. Cleminson, undertook during the course of his address to the Committee to question the statements made in my report as to the control stations and why they were established. I understand he afterwards admitted he had never been in Germany; but it was part of my duty as Immigration Commissioner to look into that matter very thoroughly and I probably have visited the most of them. The control stations were established through Albert Ballin for the one and sole purpose of controlling the emigrants coming from mid-Europe so that they should travel only by Conference lines. The suggestion that they were only allowed to travel if in good health and that they were stopped because they were in ill-health is absolutely without foundation. I have seen emigrants pass these control stations, with Conference tickets, with Trachoma, markedly evident, and allowed to go through; and I have seen emigrants perfectly healthy, stopped at the control stations, because they had not Conference tickets, and they had to make their way away around through Switzerland and up to some port at Amsterdam or Antwerp in order to get out to Canada, and in addition to that I may say, as soon as the Conference got the control stations established, the Continental lines immediately raised the tariff, or at least the steerage rates, by 30 marks. In addition to that there was a division of the territory and a percentage allowed to the British lines, a percentage of emigrants; beyond the number allotted to them they could not carry. If they did, they had to return the excess to the pool. In that way, Canadian immigration was blocked for years and years. Emigrants would never have got to Canada at all, had there not been such an outlet as Sir Alfred Jones offered with the Elder-Dempster, and Sir William Petersen afterwards offered with his line. Only a certain number could be carried by these lines and a number greatly in excess of that wanted to emigrate to Canada.

By Mr. Duff:

Q. What year was that?—A. That was running from about 1900 up to 1912. Right up in fact until 1914. I have no hesitation whatever in saying that but for the establishment of the Conference, and but for the limitation of the number of emigrants that could be carried by British lines, in my opinion we would have had 12,000,000 of people in this country by 1914 instead of the number we have.

Mr. MONTGOMERY, K.C.: Does the Committee want any more evidence on these lines? The witness has already covered this ground?

The WITNESS: The witness is not going over the whole thing.

Mr. MONTGOMERY, K.C.: If you please, Mr. Preston, I am not addressing you; I am addressing the Chair.

The WITNESS: I think that is all I want on that.

Mr. MONTGOMERY, K.C.: If the witness is to make a revised report, it will necessitate our taking him through it again and going over the whole ground.

The WITNESS: I am making no revised report, but there are some things about which there may be misapprehension and I want to clear it up, and I think I am perfectly right.

The ACTING CHAIRMAN: Have you finished stating your point, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: My point is that if the witness is to make a revised report we will have to go through it again and call witnesses in answer to it. What he has stated now is not in answer to any question that counsel has asked Mr. Preston. I sat back and let him go on for a long time but if he is going over this whole thing again, I do not propose to cross-examine him in one word. If he is through let him go.

The WITNESS: Oh no, you will hear more of him, Mr. Montgomery, don't be at all alarmed about that.

The witness retired.

The ACTING CHAIRMAN: Now, Mr. Symington, do you wish to call any further witnesses?

Mr. SYMINGTON, K.C.: I think the Captain of one of the Cairn boats is here.

JOHN OSCAR THEODORE BERLIN called and sworn.

By Mr. McKenzie:

Q. I understand, Captain, you are the Master of the Cairnmona?—A. Yes sir.

Q. That is one of the Thompson boats?—A. One of the Cairn line of steamers.

Q. What has been your experience at sea, Captain?—A. I have been thirty-three years Master.

Q. Thirty-three years Master?—A. Yes.

Q. Does that include any tramp experience?—A. Over twenty-five years of tramp experience.

Q. Over twenty-five years?—A. Yes.

Q. What experience have you had in cargo liners?—A. I have only had about three years in cargo liners, really first-class cargo liners.

Q. Does that take in the Canadian trade?—A. That is solely in the Canadian trade.

Q. Solely in the Canadian trade?—A. Yes.

Q. What certificates do you hold, Captain?—A. Extra Master's certificate, sir.

Q. What does "Extra Master's Certificate" mean?—A. It is the highest certificate granted by the Board of Trade.

Q. I suppose to sail anything anywhere?—A. Anywhere, sir, anything; there is no limit.

Q. Captain, I am afraid we have not a great deal of experience with tramp boats and cargo steamers, and I wonder if you would describe to the committee the type of boat of which you are Master?—A. At the present time?

Q. Yes.—A. She is a first-class cargo liner; she has a 'tween deck and a shelter deck, specially adapted for carrying general cargo from Montreal. She is specially adapted for it. She is fitted also with the ventilation fans in each hole to keep your cargo in good order.

Q. What is her tonnage, Captain?—A. 7,700 dead weight; 2,806 net register; 4,665 gross register.

Q. Incidentally, Captain, is the tonnage of the shelter deck included in your net tonnage?—A. No sir.

Mr. MONTGOMERY, K.C.: The question arose as to whether there were really two decks or only a shelter deck, and the Captain said that was included in the tonnage, and we asked that a certified copy of the register be sent up, and he promised to send it up the next day.

Mr. SYMINGTON, K.C.: It has been sent up, apparently.

Mr. MONTGOMERY, K.C.: It would be convenient if we had it for comparative purposes, so that the witness could draw a distinction between the two.

By Mr. McKenzie:

Q. Just to get back to the question as originally put, Captain, could you tell us whether or not your net tonnage includes your shelter deck tonnage?—A. No.

Q. Never is, as a matter of fact, is it?—A. No, it is not; it never is.

Mr. SYMINGTON, K.C.: What is the net tonnage? That is a new one on me.

By Mr. McKenzie:

Q. Possibly the Captain can give a much better definition than I can.—A. After every space used for the propulsion of the ship, crew spaces, ventilating spaces, all are deducted from the gross register, the remaining part is the net register.

Q. And one of these deductions, as I understand it, is the shelter deck?—A. That never comes in, sir.

Q. Never included at all?—A. No, sir.

Q. It is not included?—A. No, sir.

Q. Well, Captain, to proceed further, what is the difference between the ordinary tramp and a cargo liner, with regard to speed and 'tween decks space? A. The cargo tramp, as a rule, has no 'tween deck; she is what we call a single-decked ship. That is, one hold continues from top to bottom, and there has only recently—very, very recently—there is a little bridge space that has, in the course of a little time, been extended to make it a sort of shelter deck, but it does not extend very far; it is not right fore and aft in the ship. In other words, she is only a single-decked ship, a tramp steamer.

Q. A modern development of the tramp steamer is the continuation of the shelter deck, as I understand it?—A. Yes, that is quite modern, or comparatively speaking modern.

Q. Take that and compare it with your own ship, for instance.—A. Yes.

Q. How do they compare?—A. I can, of course, carry cargo where you could not possible carry it in a tramp.

Q. For what reason?—A. Because of the decks; I have two decks; I have the shelter deck and I have also the 'tween decks.

Q. How about speed?—A. We are a twelve-knot boat.

Q. How are you registered at Lloyds?—A. Twelve-knot speed.

Q. I presume that would be on your certificate of registry, too?—A. It is on the certificate.

Q. Let us get back to the shelter deck, or not the shelter deck so much as the 'tween deck space, and consider that for purposes of suitability for the Canadian trade. I understand that you have had three years in the Canadian trade?—A. Yes, sir.

Q. And you have also had experience as commander of a tramp steamer? —A. Yes, lots of it.

Q. What would happen, Captain, if you were deprived of your 'tween deck space, other than the shelter deck space?—A. I would have to load bulk cargo.

Q. You would have to load bulk cargo largely?—A. Yes, sir.

Q. Is that your experience and your opinion from, I think you said, twenty-five years in the tramp trade and the balance of the time in the Canadian trade?—A. Yes. If I did load bulk cargo and brought up my grain and then tried to put some of your Canadian meats on top of that grain, I would be sorry for your shipper; I would spoil his cargo. It cannot be done with all sorts of things. You can do it with some, but not all. You cannot load in the port of Montreal, for instance, with meats, say a thousand cases of meat, on top of your grain; you would spoil it.

Q. That is a well recognized fact, is it not?—A. Yes, sir.

Q. If it were otherwise you would subject your owners to great claims?—A. Great claims, yes, sir; I should be very sorry for them.

Q. And damage?—A. Yes, sir.

Q. How would you classify your ship, for instance in the Montreal to Liverpool trade, with regard to speed?—A. I would go in nine days from Montreal, from quay to quay.

Q. From quay to quay?—A. Yes.

Q. And that would include all stoppages and all kinds of weather?—A. Yes, ordinary weather, everything.

Q. Mr. Duff asks how many miles that would be, Captain, from Montreal to Liverpool?—A. Around by Cape Race it would be 2,700 miles.

By Mr. Duff:

Q. 2,760, is it not?—A. Something about that. That is around the north of Ireland.

Mr. McKenzie: As a matter of fact, we have the Chief Engineer here, and the question of coal consumption is really more in his sphere than the Captain's. He will be able to give us that.

By Mr. Symington, K.C.:

Q. Have you your log book with you?—A. I have extracts from the log, not the log book proper.

Q. Why didn't you bring the log book?—A. I did not think it was necessary to bring it.

Q. Your instructions were to bring it?—A. I have extracts from it, absolutely correct.

Q. They refused to accept our extracts and demanded the book, and the books were supposed to be here.—A. I could bring them here to-morrow.

Q. In the meantime let us have the extracts, and send for the log book.—A. Yes, sir.

Mr. Montgomery, K.C.: I am told this last trip was a United Kingdom trip. This boat has just come from the Mediterranean. She brought in a cargo of wines and fruits.

The Witness: Here are the extracts from the log book. They are authentic, from day to day.

By Mr. Symington, K.C.:

Q. In your log you do not show the speed or distance travelled?—A. Yes, sir, it is all there.

Q. Could you show it to me?—A. Yes, sir, anything.

Q. Apparently then, Captain, from your log you left Lisbon on the 7th of May?—A. Yes, sir. That is, this present voyage.

Q. And arrived in Montreal May 21st?—A. Yes, sir.

Q. A distance of 3,020 miles, by observation apparently?—A. Yes, sir.

Q. Actual steaming time 14 days 5 hours and 55 minutes?—A. Yes, sir.

Q. And your average speed was 8·9 knots per hour?—A. Yes, sir.

Mr. DUFF: I thought he said 12 knots?

Mr. SYMINGTON, K.C.: He did, but this is what he brought along from this present trip.

The WITNESS: That is the present voyage; it is not the usual Canadian run.

By the Acting Chairman:

Q. Have you a full cargo?—A. Yes, a full cargo. We had a dense fog for three days.

By Mr. Symington, K.C.:

Q. Are there any coal records shown on this log?—A. No, the chief engineer will have that.

Q. Were you going to various places to pick up cargo?—A. I have been in fifteen ports on this present voyage.

Q. You left from where?—A. From Newcastle, and went to Savona, to Genoa, Leghorn, Catania, Messina, Palermo, Maiola, Sorrento, Naples, Tarragona, San Carlos de la Repita, Valencia, Cadiz, and Lisbon—

Q. In a word, through all the Mediterranean ports?—A. Yes. To Italian and Spanish ports, and finished up in Portugal.

Q. Is that your usual voyage?—A. No, that is the first time; generally always, Montreal direct from Newcastle.

Q. I see your previous voyage was to Portland?—A. Yes, in the winter time we go to Portland, when the St. Lawrence is closed up.

Q. The Cairnmona is the smallest boat of your line?—A. I believe so, sir.

Q. She is shown on the return, Exhibit 22, as 6,800 dead weight available for cargo?

The CHAIRMAN: What page?

Mr. SYMINGTON, K.C.: Page VII in Roman numerals, which precedes page 93.

The WITNESS: That is for cargo, yes, not including her bunkers.

By Mr. Symington, K.C.:

Q. She was built in 1918?—A. Yes, sir.

Q. And has a cubic capacity of 436,000?—A. 455,000 cubic feet.

Q. 436,187 is what the return shows?—A. 455,603 cubic feet.

Mr. SYMINGTON, K.C.: Then they have given us the wrong figures on this exhibit.

The WITNESS: That includes everything.

By Mr. Symington, K.C.:

Q. Cubic capacity available for cargo?—A. Cubic feet, yes.

Q. That includes the decks about which you have been talking?—A. Yes.

Q. What was your coal consumption, do you know?—A. 42 tons of North Country coals per day—average.

Q. An average of 42 tons—A. North Country coals.

Q. Is that what they call Yorkshire coal?—A. No, Durham and Northumberland coals.

Q. How does it compare with the Welsh coal?—A. A little swifter.

Q. You need more Durham than Welsh?—A. Yes.

Q. How much?—A. About 10 to 12 per cent on a ship of that kind.

Q. So on this voyage, in averaging 8.9 knots per hour, you used 42 tons of Durham coal per day?—A. 42 tons? On this voyage?

Q. Yes?—A. No, on this voyage it is different; we used about an average of 38 only. We were not going at extreme speed.

Q. You misunderstood my question— —A. This was an extra voyage. We are going between lots of ports in the Mediterranean, and I left in the evening to get in at daylight the next morning, and I am only going dead slow, so as to, you might say, waste time.

Q. You have been sailing from Lisbon to Montreal?—A. Yes.

Q. How many tons did you use per day?—A. 38 tons per day on an average.

Q. Well now, you mentioned 42 tons. To what does that refer?—A. 12 knots.

Q. At 12 knots you would average 42 tons, you think?—A. Not averaging 12 knots; we steam 12 knots, but we might have a day when we could only do nine, in bad weather. That is an average.

Q. That is what I am getting at. You averaged here (indicating) 8.9 and used 38 tons?—A. Yes, sir.

Q. Do you ever average 12 knots?—A. Yes. You will find it there. (indicating).

Q. What would you use averaging 12 knots?—A. 42 tons of North Country coals.

Q. The difference between 8.9 knots and 12 knots is only a difference between 38 tons and 42 tons?—A. Yes.

Q. You are sure about that?—A. It is an average. I am not giving you the exact figures; my Chief Engineer will be able to give you a hundredweight. I only get it from him.

Q. He has it with him?—A. Yes. It is not a detailed consumption; it is only an average I am giving you.

By Sir Eugene Fiset:

Q. How old is that boat?

Mr. SYMINGTON, K.C.: 1918, Sir Eugene.

The WITNESS: She was built in 1918.

By Mr. Symington, K.C.:

Q. You have copies of these sheets, have you not, Captain?—A. Yes, sir—

Q. Would you produce them?—A. I have not them with me.

Q. Abstracts?—A. No, I have not copies of them with me.

Q. I thought you said you brought the abstracts with you?—A. Those are the original abstracts (indicating).

Q. This, (indicating) is your original abstract?—A. yes.

Mr. MONTGOMERY, K.C.: That is what I was trying to get from your man, and he did not have them.

Mr. SYMINGTON, K.C.: That is exactly what he had.

Mr. MONTGOMERY, K.C.: No, he had written copies—

Mr. SYMINGTON, K.C.: He had an abstract of the log exactly the same as this (indicating), except with a great deal more information in it. That is the only difference.

By Mr. Symington, K.C.:

Q. Is there, in this book, a record of a loaded trip across the North Atlantic? A. Oh, yes.

Q. Will you find one for me?—A. Yes, sir. (Referring to book) Leith to Montreal is one, Montreal to Newcastle is another one, then there is the third, Leith to Montreal 12.3.

Q. What about the other way, Montreal to some place?—A. Just turn the leaf over, and you will find it. That is the homeward one.

Q. You do not want to leave this, I suppose?

Mr. McKenzie: It has to go back to the ship.

Mr. Symington, K.C.: We will want copies of these.

By Mr. Symington, K.C.:

Q. You have here voyage No. 38 from Leith to Montreal, commencing June 17, 1924, and ending June 27; leaving Montreal July 4, and arriving at Newcastle on the 15th. Will your Engineer have the log-book of that voyage with him, do you think?—A. Oh, yes, sir; he has the report.

Q. Now, how many of a crew have you on this ship?—A. 44 of a crew.

Q. Including apprentices?—A. Four apprentices.

Q. Or cadets, or whatever you call them?—A. Four apprentices; 40 of a crew and four apprentices.

Q. How many firemen?—A. 12.

Q. Have you got a list of your employees there?—A. I believe I have.

Q. And their wages?—A. I think so. (Handing papers to Counsel). That is a copy of the crew list.

Q. You produce a true copy of the crew list, with their wages?—A. Not with their wages. This is for the port doctor's inspection,—Dominion Government Inspector.

By Mr. Duff:

Q. The port physician?—A. Yes, sir.

The Acting Chairman: Do you want to file this as an exhibit?

Mr. Symington, K.C.: Yes, I wanted to compare it as to wages, but they are not shown here.

The Witness: The national scale of wages is paid; we are compelled to pay it.

The Acting Chairman: Is it to be filed as an exhibit and printed?

Mr. Symington, K.C.: Simply filed, Mr. Chairman.

The Acting Chairman: It will be filed as Exhibit 84.

Exhibit 84: Crew list of ss. *Cairnmona* (not printed).

By Mr. Symington, K.C.:

Q. Do you know, roughly, what your wages are per day?—A. £17 4s. per day.

Q. Now, what about repairs to the boat? Do you have very large repairs?—A. We have repairs, sure.

Q. Can you give us any idea of what the repairs cost you on that boat—the general running repairs?—A. No, I would have to refer you to the accountant's department. We are a liner, and I have very little to do with finances. Outside of the crew's wages, I do not handle money, nor do I order repairs. We have a department for that. It is the same with stores and provisions; we have a department that handles all that. I only navigate the ship backward and forward, and see that discipline is maintained, and pay the crew's wages.

Q. Do you see, in the course of your operations, evidences of many repairs being required?—A. No, not many. We do the same as most steamers; we have to pass through the surveyor bi-annually for boilers, and every four years for classification.

Q. You have no idea of what the repairs would even approximate per voyage?—A. No, I would not like to say.

Q. You have no idea?—A. I would not like to say; I would not like to say, because I do not really know it—the amount that is spent.

Q. I do not want to pin you down— —A. No; I cannot say it, Mr. Symington.

Q. You would not care to give any aprpoximation at all?—A. No.

Q. Now, you know what is spent on deck and engine stores, or would that be the engineer's department?—A. No, sir, I do not. That is another department of our firm over which we have superintendents, and we do not interfere, one with the other's department.

Q. You do not know anything about that then. It is another department? —A. No.

Q. How many boats are there in this line, departmentalized in this way? —A. Eight.

Q. What about the provisions? Do you know how much they cost?—A. We have a victualling department entirely, but it is not run by the ship-master either. It is run about by a special shore steward, ordered and supplied by him; we merely state what surplus we have left when we have arrived home and what stuff then is required.

Q. You have not any idea of what it costs per man to feed your people?—A. We charge five shillings a day, if the crew is paid off, or the crew is standing by. For instance, when we go to Leith we pay all hands off; in the ordinary course, articles have to be discharged by the Board of Trade, but the crew are still signed back. We pay each man five shillings per day to feed himself. We do not supply the food. We give each man five shillings a day to feed himself.

Q. Five shillings is the approximate amount?—A. Yes.

Q. How does your boat compare with the other boats of your line? Is she the most or the least efficient?—A. I think you might ask my owners that question.

Q. You do not know?—A. No.

By Hon. Mr. Stevens:

Q. You naturally stand up for your own ship?—A. I hope she is the best paying one. I am not saying so.

By Mr. Symington, K.C.:

Q. Have you sailed any of the others?—A. The *Cairnavon,* one of the other ships; only for a short time.

Q. She is a newer boat?—A. Yes.

Q. And larger also?—A. Yes.

Q. Her steaming qualities, generally speaking, are they about the same? —A. No. I should say a good half a knot slower. Ten and a half to eleven knots is a very good speed for the *Cairnavon.*

Q. What about the coal?—A. Very much about the same.

Q. I would like to have a copy made of this, in the meantime?—A. Yes.

By Mr. Duff:

Q. Do you know anything about the new style of ship, known as the corrugated side ship?—A. I do not, I have only seen one at a distance.

Q. You have never steamed one?—A. No.

The Acting Chairman: Are there any other questions to be asked of the Captain while he is on the stand?

By Mr. Shaw:

Q. What would be the effect all around, on a ship with these corrugated sides? How would it affect her speed?—A. You are asking me, I suppose, as a ship-master?

Q. Yes.—A. I cannot, for the life of me see, that that corrugation, being external, would have any beneficial effect on the speed of the ship. I cannot see it, I am certainly subject to correction. I do not know, but I do not think so. She may be more buoyant, and she may be less rolling, we might say, which is not altogether beneficial either. If you have too stiff a ship, she is as bad as a bad roller. Suppose you had a cargo of cattle, you would kill all the cattle on deck, if you had a stiff ship.

Q. There is something to be gained by easy rolling?—A. Yes, she is more alive to the sea, and she does not take the fearful force of the sea, if she takes the sea on board, because she rolls better. If you have a deck load of cattle on a stiff ship, you kill the cattle. That blister is entirely external. It is outside the ship.

Q. How would it effect her carrying capacity?—A. I do not know. I would not like to say. Of course, if you have that blister, there is an extra cubic capacity, but when you start to load that blister up you damage the cargo. I am only giving my experience as a ship-master, because when you are loading in Montreal, in the months of July and August, at a temperature of 70, you load that blister up. That ship gets down here, and where you have the water 40 degrees, is not there a condensation which sets up? There must be; and the water will drip off that blister. That is my idea. I do not say it is true, but that is really my idea, that you will have a damaged cargo.

By Sir Eugene Fiset:

Q. Suppose the blister is ventilated?—A. How can you do that? That is a technical point. Of course, all things can be done, I admit.

By Mr. Symington, K.C.:

Q. In fact, you do not know anything about a corrugated ship?—A. No. That is my idea, as a ship-master.

Q. That is quite evident from your evidence.—A. Yes.

Hon. Mr. STEVENS: The Captain is giving his views, as a master mariner, of forty years experience.

Mr. SHAW: As an expert on the subject.

Hon. Mr. STEVENS: I think we are getting information that is valuable and that is of some use to us, from the experience of a master mariner. I will venture to say that his opinion on a corrugated ship is as good, for instance, as the man who made one or two voyages. We all know they are experiments.

Mr. SYMINGTON, K.C.: The man who made the voyages has had actual experiences in handling the ship.

Hon. Mr. STEVENS: I cannot see why there should be criticism of the man giving his views and he is making the statement that he is not speaking as a technical expert, and that he never sailed in one. For what it is worth, it is useful information.

The WITNESS: I was asked for it.

The ACTING CHAIRMAN: It is in the evidence.

Sir EUGENE FISET: It is expert but not proven information.

The WITNESS: Yes.

The ACTING CHAIRMAN: Has any member of the Committee any questions to ask the Captain? Thank you for attending, Captain.

The witness discharged.

[Captain John O. T. Berlin.]

Mr. McKENZIE: At the request of the Committee, we have the Chief Engineer of the Cairnmona, Mr. Kay.

Mr. SYMINGTON, K.C.: Mr. Chairman, the clerk just asked me if we want this (indicating document) in. We would have, if you order, the last voyage from Lisbon to Montreal and voyage 38, which is a round voyage across the Atlantic.

The ACTING CHAIRMAN: Shall we order a copy made?

Mr. SYMINGTON, K.C.: Order it read into the evidence.

The ACTING CHAIRMAN: Would you prefer that the report of the two voyages be read into the evidence, from Montreal to Newcastle and from Leith to Montreal?

Mr. McKENZIE: Perhaps we could take several voyages and make it quite representative, rather than specialize on one trip.

Mr. SYMINGTON, K.C.: I have no objection. All I asked the Captain was, to pick out one voyage, which he gave me; voyage 38. I think it is a good voyage to use. If you want to use more, I have not the slightest objection.

The CLERK: Voyage from Leith to Montreal and the voyage from Montreal to Newcastle, and the last voyage, from Lisbon to Montreal.

Hon. Mr. STEVENS: We do not want that.

Mr. SYMINGTON, K.C.: It indicates the present steaming capacity of the ship, that is all.

Mr. McKENZIE: That is just exactly the objection I am taking to this particular voyage. I can readily understand my learned friend's desire to have this particular voyage made an exhibit, because I think he mentioned it was something about an eight or a nine-knot average.

Sir HENRY DRAYTON: He was loafing. It is not a characteristic thing at all. We should have voyages on our own course.

Mr. SYMINGTON, K.C.: We will take two voyages on our own course.

The ACTING CHAIRMAN: Two round voyages.

Hon. Mr. STEVENS: If you like, Mr. McKenzie, pick one and Mr. Symington will pick one, on the North Atlantic trip.

Mr. DUFF: And then you will have to have a third party to pick one.

Hon. Mr. STEVENS: We will let you pick one.

Mr. DUFF: Let them put in whatever they want; the more the better.

EXHIBIT 85

RECORD OF VOYAGE 38, FROM LEITH TO MONTREAL AND FROM MONTREAL TO NEWCASTLE.

FORM D7. CAIRNS, NOBLE & CO., 50—21/7/20. Voy. 38

NEWCASTLE-UPON-TYNE

ABSTRACT of the Log of the S.S. *Cairnmona* from Leith to Montreal.

June 17, 1924. 12.20 a.m. Unmoored, Pilot and two tugs in attendance. 12.40 a.m. Left Leith. 1.15 a.m. Stopped and discharged Pilot. 1.20 a.m. Full away.

Date — 1924	Winds	Course	Place at Noon		Distance Run			Hours under Steam	Baro.	Thermo	Remarks
		True	Long.	Lat.	By Obs.	By Log	By Engns				
June 17.....	North....	Var.....	1° 58′ W.	57° 49′ N.	129′	128′	....	10–40	30·15	48°	5.25 p.m. Dunnet Hd. 9.05 p.m. C. Wrath.
" 18.....	N.E.....	Var.....	10° 37′	59° 19′	306′	298′		24–34	29·95	44°	Strong wind, rough sea. Overcast and rain.
" 19.....	N.E.....	N.89° W..	20° 10′	59° 24′	294′	295′		24–38	29·76	45°	Strong wind and rough sea. S/S rolling heavily.
" 20.....	North....	S. 76° W..	29° 57′	58° 07′	321′	305′		24–39	29·99	47°	Fresh to mod. wind and swell. Fine and clear.
" 21.....	East.....	S. 74° W..	38° 37′	56° 49′	291′	316′		24–35	29·58	44°	Strong wind and sea. Overcast, misty and rainy.
" 22.....	S.E. N.N.W.	S. 64° W..	46° 20′	54° 43′	288′	305′		24–31	29·56	46°	Mod. wind and sea. Overcast and clear. Showery.
" 23.....	N.W. South	S. 60° W..	53° 32′	52° 15′	296′	300′		24–29	30·04	36°	Light wind and fine. 5.28 p.m. Belle Isle.
9 hrs. Slow and " 24.....	stop's Calm.....	S. 63° W..	59° 16′	50° 25′	251′	237′	Fog...	24–23	29·91	45°	Light breeze and smooth. Fine and clear.
" 25.....	S.W.....	Var.....	65° 50′	49° 17′	284′	295′	.....	24–00	29·76	50°	7.42 a.m. Fame Pt. Calm and smooth. Clear.
" 25 Father Pt.	.....	.....	.....	.....	117′	116′	.....	9–36	.....	.....	9.50 p.m. Father Pt. 10.00 p.m. Proceeded full.
" 26 Total Father Pt...	.....	.....	.....	.....	2577′			216–05			Noon. Quebec, exchanged Pilots and proceeded full.
Montreal....	.....	.....	.....	.....	297′	.....	.....	7–30	Stopped for fog.		
" 26 Montreal, Total..	.....	.....	.....	.....	2874′	.....	.....	208–35			10.50 p.m. Anchored below Vercheres.
" 27.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	7.10 a.m. Arrived Montreal. 7.38 a.m. Moored at No. 11 Shed.

Actual Steaming Time, Father Point, 8 d., 16 h., 35 m.
Total Distance, 2,577′.
General Average, 12·36 kns.

Date and hour of Departure from Leith, 12.40 a.m. 17/6/24.
Hour of Arrival at Montreal, 7.10 a.m. 27/6/24.

Draft of Water on leaving Leith..... {aft. 17 ft. 1 in. / forward 12 ft. 6 in.

Draft of Water on arrival at Montreal... {aft. 15 ft. 9 in. / forward 11 ft. 6 in.

Passage: 10 days, 2 hours, 10 minutes.

A. W. SWAPP.

FORM D7. CAIRNS, NOBLE & CO. 50—21/7/20. Voy. 38

NEWCASTLE-UPON-TYNE

ABSTRACT of the Log of the S.S. *Cairnmona* from Montreal to Newcastle.

July 4, 1924. 5.00 a.m. Unmoored. 5.30 a.m. Left Montreal. 11.10 a.m. Three Rivers. Slight breeze, fine and clear. 4.05 p.m. Quebec.

Date — 1924	Winds	Course True	Place at Noon Long.	Place at Noon Lat.	Distance Run By Obs.	Distance Run By Log.	Distance Run By Engns	Hours under Steam	Baro.	Thermo	Remarks
								H. M.			
July 4.....	Var.....	Var.....	Pt. Ci ille.	trou-	84′	84′	.....	6–30	30·32	74°	Embarked passenger, proceeded full. 4.14 p.m.
" 5.....	Var.....	S.W.....	West 66° 44′	North 49° 12′	292′	292′	.....	23–48	30·24	68°	5.12 a.m. Father Pt., pilot left. 5.16 a.m. Full ahead.
" 6.....	Var.....	S.W. North	59° 38′	50° 14′	289′	285′	.....	24–00	30·04	69°	5.07 a.m. Natashkwan Pt., light breeze and fine.
" 7.....	Var.....	West N.E.	53° 33′	52° 35′	270′	274′	.....	23–50	29·89	48°	5.46 a.m. Belle Isle. Light breeze, smooth, cloudy, clear.
" 8.....	N. 56° E..	North....	47° 20′	5o° 07′	269′	268′	.....	23–35	29·82	42°	Strong head wind and sea. Shipping water.
" 9.....	N. 64° E..	N.E.....	41° 54′	56° 44′	224′	220′	.....	23–38	29·70	42°	Mod. gale and high rough sea. Plunging heavily.
" 10.....	N. 69° E..	N.E..... North	38° 03′	57° 31′	135′	176	.....	23–45	29·51	43°	Mod. gale and high rough sea. Shipping heavy water.
" 11.....	N. 72° E..	North N.W.	31° 48′	58° 37′	210′	220′	.....	23–35	29·45	49°	Fresh to mod. wind, heavy swell. Cloudy and clear
" 12.....	N. 86° E..	S W. S.E.	23° 27′	58° 57′	260′	272′	.....	23–27	29·61	54°	Mod. breeze and swell. Cloudy, clear and fine.
" 13.....	S. 89° E...	S.E. W.S.W.	14° 26′	58° 52′	278′	280′	.....	23–24	29·81	58°	Fresh breeze and sea. Cloudy, clear and fine.
" 14.....	S. 88° E...	W.S.W. S.W.	5° 32′	58° 43′	278′	285′	.....	23–24	30·18	56°	Fresh breeze and sea. 1.38 p.m. C. Wrath, Signalled.
" 15.....	Var.....	South.....	Tyne	Piers	321′	303′	.....	25–30	30·18	61°	Mod. slight breeze. 2 p.m' Tyne Piers.
					2,910′			268–26			

Actual Steaming to Tyne Piers, 11 d., 4 h., 26 m.
General average, 10·7 kns.

Date and Hour of Departure from Montreal, 5.30 a.m. 4/7/24.
Hour of Arrival at Newcastle, 3.55 p.m. 15/7/24.

Draft of Water on leaving Montreal.... aft. 25 ft. 8 in. / forward 25 ft. 7½ in.
Draft of Water on arrival at McQuay.. aft. 24 ft. 10 in. / forward 24 ft. 3 in.

Passage: 11 days, 6 hours, 25 minutes.

A. W. SWAPP,
2nd Mate.

WILLIAM KAY called, sworn and examined.

By Mr. McKenzie:

Q. I understand you are the Chief Engineer of the *Cairnmona*?—A. Yes.
Q. The ship referred by Captain Berlin?—A. Yes.
Q. What has been your experience, Chief?—A. How long have I been at sea?
Q. Yes.—A. I have been about 35 or 37 years at sea.
Q. As Chief Engineer?—A. Running into about 30 years.
Q. What certificate do you hold?—A. First-class engineer, Board of Trade.
Q. England?—A. English.
Q. What is the speed of the *Cairnmona*?—A. We endeavour to get 12 knots on a homeward run with a perishable cargo on board.
Q. What is the best speed you get?—A. 286; we run just about 12 knots; sometimes we run a little less. The weather conditions may make it less.
Q. It averages about 12?—A. Yes. Of course, we do not keep this 12 knots up for the whole trip; a great deal depends on the weather, head seas and so on.
Q. Under conditions which are suitable to you, what would be the best speed you could get?—A. A loaded ship?
Q. A light ship?—A. I have seen her running over 13, light ship.

By Mr. Duff:

Q. With a stern wind?—A. Getting into the Gulf of St. Lawrence, with good weather and probably the current with her, from Amber Point and Head Point she will do from 320 to 321; 315 has been common. That is a light ship, with nothing in it, barring ballast.

By Mr. McKenzie:

Q. Have you any records with you of your coal consumption from Montreal to United Kingdom ports?—A. I can give you the coal consumed on the round trip, from the time we took it on at Leith, until we got back at Leith, with the Montreal cargo discharged.
Q. Could you give us some representative voyages of the North Atlantic trade, Montreal to the United Kingdom?—A. The whole coal consumed, by voyage?
Q. The whole coal, and also give us some idea of the speed she attained, with the coal consumption. As it varies, I suppose weather conditions will have a very important bearing on your speed?—A. In 1924—this is the Montreal season—the distance made was by Cape Race, 3,062 miles—

By Mr. Symington, K.C.:

Q. What is the number of that voyage?—A. 37. The time, 273 hours and some minutes, 55 to 60 minutes; 274 hours. This is westbound, you know.
Q. Yes.—A. Speed, 11.2.

By Mr. McKenzie:

Q. Is that knots per hour?—A. Knots per hour, yes, the average speed. This is inclusive of fog or anything.
Q. That is the total average over the total voyage?—A. Yes, the total average over the total voyage. In the passage out, from Leith to Montreal.
Q. That would include stops and fog, bad weather and everything else?—A. You want the coal?
Q. I think you have the coal consumption there, have you not?—A. Westbound, she was burning 38, at that time.

By Mr. Symington, K.C.:

Q. What speed did you say?—A. 11¼ knots.

By Mr. McKenzie:

Q. What coal was that, that you were burning at that time?—A. Scotch.

Q. How does that compare with the best Welsh coal?—A. We never had Welsh coal in that ship. I would say we would burn about 5 tons more of this Scotch coal, 5 or 6 tons more than we would of the best Welsh coal.

Q. What percentage would that figure out at, in the way of saving?—A. About 15 per cent, roughly.

Q. About that?—A. Yes.

Q. Have you super-heating in your ship?—A. No, sir.

Q. What is that; I have heard considerable about super-heating?—A. I have never been with it, and I know only what I have read of it. The maker and people who have been with it claim a saving of 25 per cent on the ship's consumption.

Q. By super-heating?—A. By super-heating.

Q. Will you explain to the Committee just what that super-heating means? A. It is using your waste gases to dry your steam and get a larger volume of steam.

Q. As I understand it, insulation plays a very important part in super-heating; is that correct?—A. All steamers like ours are very much insulated; all steampipes are covered, the boilers are well insulated, and the engine cylinders are well insulated.

Q. What is the estimated saving, according to the builders?—A. With this super-heating?

Q. Yes.—A. 25 per cent.

Q. As much as 25 per cent?—A. Yes. I saw a return from one company, I will not say which it was now, but they had three old ships and it ranged from 17 to 20 per cent, old ships it was put into.

Q. How long would it take to convert one of your own ships from its present condition to a super-heating system?—A. Well, I would say practically three months—from ten weeks to three months.

Q. It would mean the laying up of the ship during that period?—A. The ship would be laid up during that period.

Q. Have you any idea of the capital cost?—A. I could not tell you that.

Q. My information is that it is rather a big job?—A. It is a big job, and costs a lot of money, and I don't know if it would be worth it.

Q. My information is that it takes anywhere from approximately three months to have the installation of the super-heating, and that the capital cost is quite large; as a matter of fact, can you give me some idea of some of your other voyages?—A. Yes.

Q. Something of an average of your speed?—A. Take the year 1924, the whole of the trips. You have had No. 37 west; now do you want 37 east.

By Mr. Duff:

Q. Take No. 37?—A. She left Leith on the 20th of April. We travelled a distance of 3,128 miles eastbound.

By Mr. McKenzie:

Q. Is that from quay to quay?—A. That is from Montreal pier to the Tyne piers, and there is a distance of about 8 miles after that; we have to wait there sometimes for the tide.

Q. Your average is based on the quay to quay distance?—A. That is from quay to quay; it is only a difference of a few miles anyway. We were under steam 292 hours, and at an average speed of 10·9.

By Mr. Symington, K.C.:

Q. 10·9 or 10·69?—A. Maybe it is 10·69. The average daily consumption of coal was from 41 to 42 tons.

By Mr. McKenzie:

Q. Is that the eastbound trip?—A. Loaded, homeward bound. On voyage No. 38 we left Leith on the 17th of June, and had a distance of 2,874 miles, that is, by Belle Isle, with a steaming time of 208 hours, 35 minutes, and a speed of 12·3 knots, on a consumption of 42 tons of Scotch coal. Now we want to take eastbound; No. 38 eastbound, 2,910 miles from Montreal to Newcastle; hours under steam, 268 and 26 minutes; average speed $10\frac{3}{4}$ knots, 10·7, with a daily consumption of 42 tons.

Q. How do you account for making better time westbound than eastbound?—A. She makes some good runs home. We might have had head winds and fog.

By Mr. Duff:

Q. Does that happen very often?—A. We very often have them for two or three days, when the speed is reduced. We might take easterly first, going home.

Q. You seem to make better speed coming west?—A. We might get a help along, we might get the wind in our favour.

By the Acting Chairman:

Q. Homeward bound, would you have a full cargo?—A. We would have a full cargo. Do you want No. 39 now?

Mr. DUFF: You want No. 39, Mr. Symington?

Mr. SYMINGTON, K.C.: We might have No. 39.

The WITNESS: Westbound we had a distance of 2,876 miles, 244 hours' steaming, a speed of 11·6.

By Mr. Symington, K.C.:

Q. Was that from Leith to Montreal?—A. From Leith to Montreal, 11·6.

Q. The Captain had 11·61 from Leith to Montreal?—A. I think that must be wrong.

Q. I guess the Captain is wrong in his figures; you are nearer right, I am pretty sure, than he is?—A. That was on a consumption of 40 to 43 tons, you may say 41 tons. Eastbound she had a distance of 2,885 miles, on a steaming time of 248 hours 15 minutes, with a speed of 11·6 knots and a consumption of 43 tons of Scotch coal. Will that do for that year?

Q. I think so?—A. I can give you two or three voyages in 1923, if you wish.

Q. I do not want them, unless my learned friend does.—There are 12, with an average of 11·3 all that season, almost 12 knots homeward bound, eastbound.

By the Acting Chairman:

Q. On how much coal?—A. 44 tons.

By Mr. McKenzie:

Q. When was this boat built?—A. In 1918 she made her first voyage.

Q. What type of engine?—A. Triple expansion.

Q. Is that representative of the most modern type of engine we have?—A. Yes, one of the most modern type.

The ACTING CHAIRMAN: Are there any other questions anybody wishes to ask?

By Mr. Symington, K.C.:

Q. Have you your original log?—A. Yes, sir. This is not the log-book, it is the abstract from the log-book.

Q. This is your abstract which you make up from your sheets, is it?—A. Yes. (Produced by witness.) It is a job. What particular voyages would you like?

Q. These you have given us of 1924.—A. There is 37, 38. Did you go as far as 39?

Q. These are the three you gave us, Nos. 37, 38 and 39. I will give these back to you afterwards. Have you any idea how much your repairs cost on that boat?—A. No. That is in the hands of the superintendent.

Q. Does it amount to anything much?—A. Sometimes a little more than others, the usual wear and tear on machinery.

Q. The usual wear and tear?—A. Just the usual wear and tear. Then there is the boiler cleaning; we get that done when it is needed.

Q. Have you any idea what it would amount to in your boat a trip or in the season?—A. I don't know, I could not tell you. We have had no repairs since we left home, and we are two months out now.

Q. None at all?—A. Not since we left England.

Q. Would your repairs amount to anything like $2,500 a voyage?—A. What is that in pounds?

Q. About 547 pounds?—A. I would hardly think so.

Q. Have you sailed any of the other Cairn Line boats?—A. I was with the Thompson Line before they joined up with the Cairn Line.

Q. But you did not sail any of those boats that are on the Cairn Line now; the *Cairnross*, did you sail her?—A. No.

Q. The *Devonia*, did you sail her?—A. She is one of the old ships.

Q. She is not in this list?—A. I guess she has gone the road.

The Acting Chairman: Do any other members of the Committee wish to ask any questions?

By Mr. Shaw:

Q. I would like to ask this question: do you know anything about these corrugated ships?—A. No, I don't know anything about those corrugated ships; I have never seen any of them.

Q. You have heard about them, haven't you?—A. I have heard about them, and I saw one capsizing in Quebec.

Q. What is that?—A. I saw one capsized in Quebec, and saw it carry away her funnel and winches.

Q. You saw the corrugations at that time?—A. I saw the corrugations then.

Q. What boat was that?—A. That was a boat of 1,400 tons. I think she was rising, and with the type of construction the corrugation threw her right over, she went sliding over, her winches went sliding off the deck along with the funnel. I had nothing to do with it, I was only a spectator.

Q. We had the evidence of the chief engineer of one of the corrugated ships that were practically of the same deadweight tonnage as yours, and his evidence was that he made eight and a half knots on 14½ tons of Welsh coal, on 23 tons 12 knots, and on 20 tons 11 knots?—A. That is remarkable. I have never heard of or seen it done, not with a ship of that tonnage. Probably she has super-heating, the ship you have spoken of; perhaps that had something to do with it.

Q. She crossed the Atlantic on an average of 10½ knots, making 3,019 miles, and her average consumption of coal per day was 23.04 tons. What have you to say about a ship like that?—A. She is a myth.

Q. Is that, as far as coal consumption is concerned, remarkable?—A. Ours is a full-powered ship; we need that type for the winter. We need a substantial, strong ship with full power to stand up against the weather we get in the winter time. A ship like that could not stand up to the winter gales we get.

Q. I was thinking more particularly about her coal consuming capacity. Do you think that possible?—A. No.

Q. With the figures I have given you?—A. No.

Q. You do not think so?—A. I don't think so. Of course it may have been done but it seems to me to be very doubtful.

Mr. SYMINGTON, K.C.: It is here. I think it is in the evidence, I am not sure.

Hon. Mr. STEVENS: On page 693.

The WITNESS: Then I think you had better let me out of this. It is not fair to ask me that question. Because I have never had the experience of that ship.

The ACTING CHAIRMAN: The witness says it is not fair to ask him such questions.

By Mr. Duff:

Q. You would not like to say anything about that?—A. No, I do not wish to. I may have said too much already.

By Mr. Symington, K.C.:

Q. If you are through; if you will look at this document for a minute. That gives a great deal more details than your log?—A. It is about the same, I should think.

Q. Have you seen that before?—A. I have had a glance at it, I think, somewhere. Boiler pressure. Exactly the same. Indicated horse-power, 1,707 as against our 2,870.

Mr. MONTGOMERY, K,C.: If the witness will speak out; we cannot hear him.

Mr. SYMINGTON, K.C.: It is page 692. I was asking him about this log.

The WITNESS: There is not much in that. Where is his coal consumption?

The ACTING CHAIRMAN: The coal consumption is on the next page. It is a continuous table.

The WITNESS: It is a really wonderful result if it is correct.

By Mr. Symington, K.C.:

Q. He gives the revolutions per minute of his propeller?—A. Yes.

Q. The distance run?—A. Yes.

Q. By observation, and by the screw, the same as you do?—A. Yes.

Q. The speed of the ship in knots, and the coal consumption per day throughout?—A. I think I would like to have seen that coal checked; or weighed. See what he started with and what remained when he finished his voyage.

By Mr. Rinfret:

Q. Does that mean that you do not believe the figures are accurate?—A. Well, it may be possible. I am not going to doubt it.

Q. I am putting a question. You are expressing a doubt as to the accuracy of the figures when you say you would like to see the coal checked.—A. I would like to have seen the coal checked, yes.

Q. When we read this to-morrow we will want to know exactly what the witness meant. When he says, "I would like to see the coal checked" he is expressing a doubt?—A. Well, it is a very small consumption for a 12-knot speed in a boat that size.

By Mr. Symington, K.C.:

Q. But you are not suggesting that Mr. McIntosh, who came here under oath and gave this evidence—that his figures are not correct?—A. No sir, not at all. That would be very wrong for me to do.

Q. You expect that his figures are correct?—A. Yes. That would be very wrong for me to do, I do not know where it might finish.

The ACTING CHAIRMAN: Do you wish to have any of those printed, Mr. Symington?

Mr. SYMINGTON, K.C.: We might print one of them perhaps.

The ACTING CHAIRMAN: Which one?

Mr. SYMINGTON, K.C.: It does not matter. He put in 37, 38 and 39. I do not care which one. They are all about the same.

By the Acting Chairman:

Q. Can you leave those to be printed, Mr. Kay?—A. Yes, I will tear them out of the book because there are some of the others I want.

37 is enough, is it not? You just want one, Mr. Symington?

Mr. SYMINGTON, K.C.: Yes, to compare with this.

The WITNESS: 38 is the better one.

The ACTING CHAIRMAN: He suggests 38.

The WITNESS: This is 38, then.

The ACTING CHAIRMAN: It will be listed as Exhibit 86, and will be printed. Thank you Mr. Kay.

The witness retired.

EXHIBIT

ABSTRACT OF ENGINEER'S LOG OF SS. "CAIRNMONA" FROM LEITH TO

E5.

ABSTRACT OF ENGINEER'S LOG OF THE S.S. CAIRNMONA

June 17, 1924. Left Leith 1.23 a.m. Full away 2.25 a.m.

Date	No. of Hours		Steam Pressures. Casings			Vacuum	Grade of Expansion	Revols. per Day	Distance run per Day		Indicated H.P.
	Steaming	Steam up	H.P.	I.P.	L.P.				Engines	Obvs.	
1924											
June 17	10-	11-	175	54	11	26	·56	43,770	129	129	.....
" 18	24-34	24-34	175	54	11	26	.....	103,000	305	306	.....
" 19	24-38	24-38	175	54	11	26	.....	102,200	303	301	.....
" 20	24-39	24-39	175	54	11	26	.....	103,100	305	306	.....
" 21	24-35	24-35	175	54	11	26	.....	104,110	309	300	.....
" 22	24-31	24-31	175	54	11	26	.....	104,160	309	290	.....
" 23	24-29	24-29	175	54	11	26	.....	103,570	306	294	.....
" 24	19-	24-20	175	54	11	26	.....	84,310	250	251	.....
" 25	24	24	175	54	11	26	.....	106,288	314	284	.....
" 26	23-46	24-	175	54	11	26	.....	103,750	307	274	.....
" 27	13- 8	19-38	175	54	11	26	.....	56,580	167	139	.....

June 27, 1924. At Montreal 6.36 a.m. Rung 7.38 a.m. 9 days, 21 hours, 20 minutes.

Above particulars to be filled in for each day, and posted at termination of run to CAIRNS, NOBLE & Co., Newcastle-on-Tyne.

E5.

ABSTRACT OF ENGINEER'S LOG OF THE S.S. CAIRNMONA

July 4, 1924. Left Montreal 5.18 a.m. Full away 5.33 a.m.

Date	No. of Hours		Steam Pressures. Casings			Vacuum	Grade of Expansion	Revols. per Day	Distance run per Day		Indicated H.P.
	Steaming	Steam up	H.P.	I.P.	L.P.				Engines	Obvs.	
1924											
July 4	6-27	6-47	175	58	12	26	·56	27,040	80	84	.....
" 5	23-48	23-48	175	58	12	26	.....	95,020	281	292	.....
" 6	24	24	175	58	12	26	.....	97,170	288	289	.....
" 7	23-50	23-50	175	58	12	26	.....	96,450	285	273	.....
" 8	23-35	23-35	175	58	12	26	.....	94,680	280	269	.....
" 9	23-38	23-38	175	58	12	26	.....	89,080	263	224	.....
" 10	23-45	23-45	175	56	11	26	.....	83,150	246	135	.....
" 11	23-35	23-35	175	56	11	26	.....	84,410	250	210	.....
" 12	23-27	23-27	175	58	13	26	.....	94,100	278	260	.....
" 13	23-24	23-24	175	58	12	26	.....	95,170	282	278	.....
" 14	23-24	23-24	175	62	13	26	.....	95,480	283	278	2,862
" 15	25-10	27-39	175	62	13	26	.....	108,090	320	321	.....

Arrived off the Tyne at 1.50 p.m. Rung off at Newcastle Quay 4.19 p.m. 11 days, 4 hours, 3 minutes.

Above particulars to be filled for each day, in and posted at termination of run to CAIRNS, NOBLE & Co., Newcastle-on-Tyne.

No. 86:

MONTREAL; AND RETURN, MONTREAL TO NEWCASTLE; VOYAGE No. 38

FROM LEITH TO MONTREAL—VOYAGE No. 38

Coals Consumed		Oil Consumed per Day		Temperatures			Density of Boilers			Draught at Fan	Remarks
Per Day	Quality	Cylinder	Engine	Sea	Discharge	Feed W.	Port	Centre	S'board		
22	Good...	¼	3	50	130	210	F.	F.	F.	2″	Fine weather. All going well.
42	" ..	¼	5	52	130	210	"	"	"	.....	Fine weather. All going well.
42	.....	¼	5	52	130	210	"	"	"	.....	Strong wind, with sea on Quarter.
42	.....	¼	5	52	130	210	.....	.....	.....	.....	Fine weather. All going well.
42	.....	¼	5	52	130	210	.....	.....	.....	.....	Strong wind, with sea on Quarter.
42	.....	¼	5	52	130	210	.....	.....	.....	.....	Strong wind, with heavy beam sea.
42	.....	¼	5	44	130	210	.....	.....	.....	.....	Strong wind, with sea on Bow.
28	.....	¼	5	42	130	210	.....	.....	.....	.....	Fog. Stopped 5½ hours. Speed reduced 2 hours.
42	.....	¼	5	48	130	200	.....	.....	.....	.....	Strong wind, with sea on Bow.
42	.....	¼	5	56	130	210	.....	.....	.....	.....	Quebec 11.47 a.m. to 11.54 a.m.
30	.....	¼	4	66	130	210	.....	.....	.....	.....	Anchored for 6½ hours.

Draughts { Departure, 12 ft. 0 in. 17 ft. 6 in.
Arrival, 11 ft. 6 in. 15 ft. 9 in.

WILLIAM KAY,
Chief Engineer.

FROM MONTREAL TO NEWCASTLE—VOYAGE No. 38

Coals Consumed		Oil Consumed per Day		Temperatures			Density of Boilers			Draught at Fan	Remarks
Per Day	Quality	Cylinder	Engine	Sea	Discharge	Feed W.	Port	Centre	S'board		
12	Good...	¼	2¼	66	130	210	1½	1½	1½	2″	Fine weather. All going well.
42	" ..	¼	5	50	130	210	.....	.....	.....	.....	Father Point 5.13 a.m. to 5.18 a.m.
42	" ..	¼	5	48	130	210	.....	.....	.....	.....	Fine weather. All going well.
42	" ..	¼	5	44	130	210	.....	.....	.....	.....	Fresh wind, with head sea.
42	" ..	¼	5	48	130	210	.....	.....	.....	.....	Fresh wind, with sea on Bow.
42	" ..	¼	5	48	130	210	.....	.....	.....	.....	Strong wind, with heavy head sea.
40	" ..	¼	5	48	130	210	.....	.....	.....	.....	Gale with heavy head sea.
40	" ..	¼	5	48	130	210	.....	.....	.....	.....	Gale with heavy head sea.
42	" ..	¼	5	54	130	210	.....	.....	.....	.....	Moderate wind, with head swell.
42	" ..	¼	5	56	130	210	.....	.....	.....	.....	Fine weather. All going well.
42	" ..	¼	5	56	130	210	.....	.....	.....	.....	Fresh wind, with sea on Beam.
50	" ..	¼	5	58	130	210	8	8	8	.....	Moderate wind, with choppy sea on Bow.

Draughts { Departure, 25 ft. 8 in. 35 ft. 8 in.
Arrival, ft. in.

WILLIAM KAY,
Chief Engineer.

COAL STATEMENT

—	Name of Coals	Quality	Average Consumption in 24 Hours	Quantity
Surplus per last account				188
Got at Leith	Blairhall	Good	1,050·15	502·17
	Bannockburn Co.			300· 2
	Aitken			247·16
Total Tons				1,238·15

Used in Working Cargoes, Getting up Steam, etc	Tons	7·15
Used in Steaming on passages	"	426
Discharged	"	
Coal Short	"	
Balance remaining on Board	"	805
Total Tons		1,238·15

REPORT OF STORES

Where Received	From Whom Received	Remarks as to Quality

COAL STATEMENT

—	Name of Coals	Quality	Average Consumption in 24 Hours	Quantity
Surplus per last account				805
Total Tons				805

Used in Working Cargoes, Getting up Steam, etc	Tons	65
Used in Steaming on passages	"	478
Discharged	"	
Coal Short	"	
Balance remaining on Board	"	262
Total Tons		805

REPORT OF STORES

Where Received	From Whom Received	Remarks as to Quality

The Acting Chairman: Is there anything more, Mr. Symington?

Mr. Symington, K.C.: I was told you wanted to adjourn now, Mr. Chairman.

The Acting Chairman: Have you witnesses for to-night?

Mr. Symington, K.C.: I want to put Mr. Scott in the box. He wants to get away. We might have a short session.

The Acting Chairman: Then we will adjourn until 8.30 this evening.

The Committee adjourned.

The Committee resumed at 8.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

The Chairman: We have our quorum, gentlemen; the committee will come to order. Mr. Symington, what is the first item of business this evening.

Mr. Symington, K.C.: Mr. Scott, sir.

The Chairman: Is Mr. Scott here? Will he please resume the witness chair.

Gordon W. Scott recalled.

By Mr. Symington, K.C.:

Q. Mr. Scott, you were asked to make a report to the committee on the information furnished to you. Have you made a report?—A. I have .

Q. And you produce it?—A. That is the original.

Q. You produce an original report, Exhibit 87?

Witness reads report.

EXHIBIT No. 87

Report on and Statements Compiled from Voyage Summaries of Various Steamship Lines Operating in the North Atlantic Canadian Trade 1923-1924.

Prepared by Gordon W. Scott, Chartered Accountant, 142 Notre Dame Street West, Montreal.

Montreal, May 23, 1925.

To the Chairman and Special Committee appointed
to consider the Resolution
to give the Government of Canada
control over certain Ocean Rates.

Sirs,—Pursuant to Resolution relating to my appointment as auditor to assist counsel for your Committee, and as recorded in the minutes of proceedings of your Committee of Friday April 24, 1925, I attended at Ottawa with a view to giving such service as might be suggested in connection therewith.

[Mr. Gordon W. Scott.]

All Exhibits submitted herewith have been compiled from the figures for 1923 and 1924, supplied to me by the various companies engaged in the North Atlantic Canadian Trade. The number of steamers and voyages dealt with are as follows:—

	Steamers	Voyages
Cargo, 1923	61	247
1924	73	261
Passenger cargo, 1923	24	181
1924	25	213

I take no responsibility for the accuracy of the results or the distribution of expenses as they appear on the documents submitted.

I am willing to assume responsibility for the mathematical accuracy of the Exhibits hereto attached, and any figures in support thereof, with the reservations aforementioned.

It will be noted that these figures do not contain results from the Canadian Government Merchant Marine.

As a result of my investigation, I have prepared and submit herewith.

Exhibit 1.—Statement setting forth the results from operations of cargo steamers and passenger-cargo steamers, separated, for the years 1923 and 1924.

While the resolution suggests that a similar statement should be produced for 1913, the information available would not permit of such a statement being produced which could be of value.

It is my opinion that it is necessary to take into consideration the passenger-cargo steamers when considering this particular industry, inasmuch as in 1923 approximately 40 per cent of freight earnings was derived from passenger-cargo steamers, and 43 per cent in 1924. The records suggest that the gross return per ton carried on passenger-cargo steamers is better than that carried on cargo steamers.

Exhibit 1 has been subdivided so as to present:

(A) Statement setting forth results for 1923 and 1924, assuming that it is impossible to apportion the operating expenses as between freight and passenger service on passenger-cargo steamers.

(B) Statement setting forth results for 1923 and 1924 after apportioning operating expenses where they were indicated as being attributable to passenger earnings, against such earnings, and where indicated as such against freight earnings.

The balance of expenses has been apportioned on the basis that the percentage of freight earnings and passenger earnings bears to the total freight and passenger earnings.

(C) Statement setting forth results for 1923 and 1924, after apportioning operating expenses where they were indicated as being attributable to passenger earnings against such earnings, and where indicated as such against freight earnings.

The balance of expenses has been apportioned on the basis that the percentage of freight, passenger and mail earnings bears to the total freight, passenger and mail earnings.

(D) Statement setting forth the results for 1923 and 1924 of cargo steamers only.

These Exhibits suggest that in 1924 freight earnings on cargo steamers increased approximately $600,000 over 1923, and expenses decreased approximately $500,000, resulting in the conversion of a loss of approximately $930,000 to a profit of approximately $168,000, before charging any lay-up expense or depreciation.

With reference to the passenger-cargo steamers, while the total freight earnings appear to have increased $1,400,000, which accounts for the greater portion of the increase in the total earnings of these passenger-cargo steamers, the total expenditures have gone up $4,600,000, the net result being a decrease in the profits of approximately $3,100,000.

In connection with these Exhibits, an effort has been made to show the total management, agency, brokerage or overhead expenses, etc., but I take no responsibility for the accuracy of these figures, inasmuch as the various lines whose figures are included herein classify expenditures of this nature in various ways; and, further, I have no personal knowledge as to the details thereof.

With the exception of the Canadian Pacific Steamships, where I made a test examination, I have not been furnished with any supporting documents from which the various details submitted could be verified, and I have been unable for this reason to account for the variations in individual items of expenditure.

For example, and in reference to the evidence given by Mr. Cleminson regarding the 1924 expenses (p. 23 of the printed evidence), I have made a comparison of the percentage of these expenditures to the total earnings, and find:—

Port charges on the different lines vary from a maximum of 48.9 to a minimum of 33.6 per cent of total earnings.

Fuel varies from 28.7 per cent to 17 per cent.

Wages varies from 12.8 per cent to 8.6 per cent.

Stores and provisions vary from 6.6 per cent to 4.3 per cent.

Insurance varies from 10 per cent to 2.5 per cent.

Repairs vary from 9.2 per cent to 2.7 per cent.

Management commission and brokerage, general expense, etc., vary from 16.9 per cent to 6.8 per cent.

All of these variations, at present unexplained, make my figures less useful than they otherwise might be.

In the absence of data regarding the number of steaming days, speed, and coal consumption, it is impossible to understand the variations in the fuel costs.

I have made an effort to arrive at consistent figures and have submitted a questionnaire to the representatives of the various lines, whose answers to such questionnaires where received in writing, as well as the questionnaires, are hereto attached as Exhibit No. 3.

It will be noticed that my Exhibit 1-D has been prepared with special reference to the statement filed as Exhibit 35. It is my opinion that the value of this statement as a reflex of the industry, is doubtful, owing to the fact that it does not incorporate therein the results from carrying freight on passenger-cargo steamers.

Further, it is my opinion that Exhibit 35, as filed, does not give a complete picture of the North Atlantic traffic, by reason of the omission of the operations of the passenger-cargo steamers as aforesaid, and also the omission of the operations of certain of the companies, the returns for which I understand had not been received when Exhibit 35 was compiled. By reason of these omissions, Exhibit 35 deals with only some $6,000,000 of freight earnings, out of a total of some $16,000,000 of freight earnings in 1923 and $8,600,000 of freight earnings out of a total of $18,400,000 of freight earnings in 1924, and presumably mostly with lower-class cargoes.

It had been my intention to arrive at a figure representing the capital employed in the industry, but I have not been furnished with the figures showing the original cost, depreciated value, nor the replacement or sound value of the steamers of all lines.

The evidence discloses that some of the steamers referred to are not steamers exclusively on Canadian service. This is established by the fact that one of the steamship companies uses as many as twenty-nine steamers, averaging about two trips each, and this is further emphasized by the average voyage per steamer, shown on Exhibit 1-D. I have, therefore, deemed it inadvisable to submit any figures in this connection.

An attempt was made to divide the freight earnings as between east and westbound freight, but only some of the lines submitted this information. The figures available exceed one-half of the total freight earnings on cargo steamers, and show that in 1923 seventy-eight per cent (78%) was earned from eastbound freight, and twenty-two per cent (22%) was derived from westbound freight. In 1924 apparently eighty-two per cent (82%) was derived from eastbound freight, and eighteen per cent (18%) from westbound freight.

I have compiled some statistics from the figures submitted and have set these forth on Exhibit 1-D:—

(*a*) The percentage each classification of expense bears to the total expense.

(*b*) The percentage each classification of expense bears to the total earnings.

(*c*) The expenditures classified and averaged per voyage.

(*d*) The expenditures classified and averaged per voyage day.

It is difficult to draw final conclusions from these figures, inasmuch as the units and individual classifications of the different lines vary.

Respectfully submitted.

(Sgd.) GORDON W. SCOTT,
Chartered Accountant.

Exhibit No. 1-A

STATEMENT OF COMBINED EARNINGS AND OPERATING EXPENSES OF STEAMERS OF VARIOUS LINES ENGAGED IN THE NORTH ATLANTIC CANADIAN TRADE AS SHOWN BY VOYAGE SUMMARIES SUBMITTED FOR INSPECTION

	1923			1924		
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Cargo Steamers—						
Total Freight Earnings			10,041,893 00			10,615,646 00
Total Operating Expense before Management Agency, Brokerage and Sundry Expenses, etc			9,948,323 00			9,246,876 00
Profit, before Management, Brokerage, Sundry Expenses, etc			93,570 00			1,368,770 00
Deduct—						
Management, Agency Brokerage, Sundry Expenses, etc			1,023,533 00			1,199,989 00
Profit or *Loss* before charging Lay-Up Expense or Depreciation			*929,963 00*			168,781 00
Passenger-Cargo Steamers—						
Total Freight Earnings	6,428,023 00			7,864,798 00		
Total Mail and Miscellaneous Earnings	519,797 00			624,627 00		
Total Passenger Earnings	17,852,420 00			17,824,371 00		
		24,800,240 00			26,313,796 00	
Total Operating Expenses of all kinds		19,304,014 00			16,915,272 00	
Profit, before charging Lay-Up Expenses or Depreciation			5,496,226 00			2,398,524 00
Lay-Up Expenses—						
Cargo Steamers			73,682 00			148,514 00
Passenger-Cargo Steamers			299,003 00			133,976 00

EXHIBIT No. 1-B

STATEMENT OF COMBINED EARNINGS AND OPERATING EXPENSES OF STEAMERS OF VARIOUS LINES ENGAGED IN THE NORTH ATLANTIC CANADIAN TRADE AS SHOWN BY VOYAGE SUMMARIES SUBMITTED FOR INSPECTION

	1923		1924	
	$ cts.	$ cts.	$ cts.	$ cts.
Cargo Steamers—				
Total Freight Earnings		10,041,893 00		10,615,646 00
Operating Expense		10,971,856 00		10,446,865 00
Profit or *Loss* before charging Lay-Up Expense or Depreciation		*929,963,00*		168,781 00
Passenger-Cargo Steamers—				
Total Freight Earnings	6,428,023 00		7,864,798 00	
Total Freight Operating Expense, charging direct expenses where indicated as such and apportioned General Operating Expenses on basis of Freight Earnings to Total Freight and Passenger Earnings	4,977,519 00		7,227,668 00	
Total Passenger Earnings		1,450,504 00		637,130 00
Total Passenger Operating Expense, charging direct Expenses where indicated as such and apportioning General Operating Expenses on basis of Passenger Earnings to Total Freight and Passenger Earnings	17,852,420 00		17,824,371 00	
	14,326,495 00		16,687,604 00	
Mail and Miscellaneous Earnings		3,525,925 00		1,136,767 00
		519,797 00		624,627 00
Profit, before charging Lay-Up Expenses and Depreciation		5,496,226 00		2,398,524 00
Lay-Up Expenses—				
Cargo Steamers	73,682 00		148,514 00	
Passenger-Cargo Steamers	299,003 00		133,976 00	

EXHIBIT No. 1-C

STATEMENT OF COMBINED EARNINGS AND OPERATING EXPENSES OF STEAMERS OF VARIOUS LINES ENGAGED IN THE NORTH ATLANTIC CANADIAN TRADE AS SHOWN BY VOYAGE SUMMARIES SUBMITTED FOR INSPECTION

	1923		1924	
	$ cts.	$ cts.	$ cts.	$ cts.
Cargo Steamers—				
Total Freight Earnings		10,041,893 00		10,615,646 00
Total Operating Expense, before Management, Agency Brokerage, Sundry Expenses, etc		9,948,323 00		9,246,876 00
Profit, before Management, Brokerage, Sundry Expenses, etc		93,570 00		1,368,770 00
Deduct—				
Management, Agency Brokerage, Sundry Expenses, etc		1,023,533 00		1,199,989 00
Profit or *Loss*, before charging Lay-Up Expense or Depreciation		*929,963 00*		168,781 00
Passenger-Cargo Steamers—				
Total Freight Earnings	6,428,023 00		7,864,798 00	
Total Freight Operating Expense, charging direct Expenses where indicated as such, and apportioning General Operating Expense on basis of Freight Earnings to Total Earnings	5,019,043 00	1,408,980 00	7,174,582 00	690,216 00
Total Passenger Earnings	17,852,420 00		17,824,371 00	
Total Passenger Operating Expense, charging direct Expenses where indicated as such, and apportioning General Operating Expenses on basis of Passenger Earnings to Total Earnings	13,898,890 00	3,953,530 00	16,262,385 00	1,561,986 00
Total Mail and Miscellaneous Earnings	519,797 00		624,627 00	
Total Mail and Miscellaneous Operating Expense, charging General Operating Expense on basis of Mail and Miscellaneous Earnings to Total Earnings	386,081 00	133,716 00	478,305 00	146,322 00
Profit, before charging Lay-Up Expense or Depreciation	5,496,226 00		2,398,524 00	
Lay-Up Expenses—				
Cargo Steamers	73,682 00		148,514 00	
Passenger-Cargo Steamers	299,003 00		133,976 00	

EXHIBIT No. 1-D

STATEMENT OF EARNINGS AND OPERATING EXPENSES OF CARGO STEAMERS OF VARIOUS LINES ENGAGED IN THE NORTH ATLANTIC CANADIAN TRADE AS SHOWN BY VOYAGE SUMMARIES SUBMITTED FOR INSPECTION

	1923					1924				
	Total	Per Cent to Total Expense	Per Cent of Expense to Earnings	Per Voyage	Per Day	Total	Per Cent to Total Expense	Per Cent of Expense to Earnings	Per Voyage	Per Day
Number of Steamers	61					73				
Number of Voyages	247					261				
Average Voyage per Steamer	4					3·5				
Voyage Days	14,764					13,342				
Average Voyage Days per Voyage	59·5					51·5				
Steaming Days										
Average Steaming Days per Voyage										
Original Cost of Steamers										
Replacement Cost at fair value										
Depreciated Value of Steamers										
Earnings—										
East	$4,424,909					$4,622,945				
West	1,271,637					1,045,776				
Undistributed	4,118,787					4,820,441				
Intermediate	103,492					3,428				
Miscellaneous	123,068					123,056				
Total Earnings	$10,041,893		100·	$40,655	$680	$10,615,646		100·	$40,673	$795
Operating Expense—										
Port Charges	$ 4,248,519	38·7	42·4	$17,201	$288	$ 4,147,058	39·7	39·1	$15,889	$311
Fuel	2,367,338	21·6	23·6	9,584	160	2,320,465	22·2	21·8	8,891	174
Wages	1,223,675	11·2	12·2	4,954	83	1,095,459	10·5	10·3	4,197	82
Stores and Provisions	626,703	5·7	6·2	2,537	42	570,790	5·5	5·4	2,187	43
Insurance	748,183	6·8	7·4	3,029	51	550,163	5·3	5·2	2,108	41
Repairs	733,905	6·7	7·3	2,971	50	562,941	5·4	5·3	2,157	42
Management and General	534,156	4·9	5·3	2,162	36	748,994	7·1	7·1	2,869	56
Agency Brokerage and Comm.'s	225,813	2·0	2·2	914	15	281,096	2·7	2·6	1,077	21
Sundries	263,564	2·4	2·6	1,067	18	169,899	1·6	1·6	651	13
Total Expense	$10,971,856	100·0	109·2	$44,419	$743	$10,446,865	100·0	98·4	$40,026	$783
Profit/*Loss*, before charging Lay-Up Expense or Depreciation	*929,963*		*9·2*	*$ 3,764*	*63*	$ 168,781		1·6	$ 647	$ 12

EXHIBIT No. 2

STATEMENT OF INDIVIDUAL ITEMS OF EXPENDITURE OF ALL CARGO STEAMERS

(A) Compared with Similar Items Referrred to in Evidence given by Mr. H. M. Cleminson (p.p. 23 of Printed Evidence).

(B) Showing Variations of these Items as between the Different Lines.

—	Number of Days of Freight Earnings which have been absorbed by each item of Expense	Equivalent to—	Actual Percentage for all Lines, per Exhibit 1–D	Maximum	Minimum
		%	%	%	%
Port Charges	154	42·2	39·1	48·9	33·6
Fuel	69	18·9	21·8	28·7	17
Wages	33	9	10·3	12·8	8·6
Stores and Provisions	21	5·7	5·4	6·6	4·3
Insurance	26	7·1	5·2	10	2·5
Repairs	17	4·6	5·3	9·2	2·7
Management, General Agency and Brokerage	26	7·1	11·3	16·9	6·8
Interest, Depreciation, etc	20	5·4	1·6		
	366	100	100		

The WITNESS: Now, shall I read these statements?

Mr. SYMINGTON, K.C.: Yes, read and explain each statement.

Sir HENRY DRAYTON: Read each statement.

The WITNESS: Exhibit No. 1A is a statement of combined earnings and operating expenses of steamers of various lines engaged in the North Atlantic Canadian trade as shown by voyage summaries submitted for inspection. 1923 the total earnings—

Mr. SYMINGTON, K.C.: Will this not all be printed?

The CHAIRMAN: I thought the witness would explain as he went along. Do not read the figures too rapidly as they must be taken down by the reporter.

The WITNESS: I do not think there is any other explanation than the figures.

The CHAIRMAN: Very well, proceed.

Mr. SYMINGTON, K.C.: That is cargo steamers?

The WITNESS: It is marked cargo steamers on the side. In 1923 the total freight earnings were $10,041,893; total operating expenses before management agency, brokerage and sundry expenses, etc., $9,948,323; profit before management, brokerage, sundry expenses, etc., $93,570; deducting management, agency brokerage, sundry expenses, etc., $1,023,533. The red ink figures denote losses. You will notice at the bottom of the page is a memorandum of the lay-up expenses that are not included in these figures. On the cargo steamers there was a lay-up expense of $73,682 in 1923.

In 1924—dealing with the cargo steamers again— the total freight earnings were $10,615,646. That is an increase of approximately $600,000. The total operating expenses before management, agency brokerage and sundry expenses was $9,246,876. That is a decrease of approximately $700,000 in expenses, resulting in a profit before management, brokerage, sundry expenses etc. of $1,368,770. The management, agency brokerage, sundry expenses etc. amounted to $1,199,989, or an increase of $170,000; the net result being a profit of $168,781. That is, before charging lay-up expenses and depreciation. The

lay-up expenses for cargo steamers in that year were $148,514. If we applied the lay-up expenses, the profits would naturally be decreased by that amount.

The passenger cargo steamers: total freight earnings in 1923, were $6,428,023; total mail and miscellaneous earnings, $519,797; total passenger earnings, $17,852,420, or total earnings of $24,800,240; total operating expenses of all kinds, $19,304,014, producing a profit before charging lay-up expenses or depreciation of $5,496,226. The lay-up expenses, as noted at the bottom, were $299,003.

In 1924, the total freight earnings were $7,864,798, an increase of approximately $1,400,000. The total mail and miscellaneous earnings were $624,627, an increase of about $100,000. Total passenger earnings $17,824,371—remaining about the same; the total earnings were $26,313,796, an increase of approximately $1,500,000; total operating expenses, $23,915,272, or an increase of about $4,600,000, providing before charging lay-up expenses or depreciation, a profit of $2,398,524.

Mr. RINFRET: I suppose this is not the proper time to put questions?

Mr. SYMINGTON, K.C.: I think we had better do that afterwards. He will be through in a moment. You might make a memorandum of your questions.

The WITNESS: Exhibit 1B is a statement of combined earnings and operating expenses of steamers of various lines engaged in the North Atlantic Canadian trade as shown by voyage summaries submitted for inspection. This statement is drawn up charging the freight earnings and passenger earnings where the items were indicated as belonging to that particular class of traffic against that particular item, and assuming that the balance of expenses should be pro-rated over the earnings. Following that suggestion, I took the cargo steamers. Total freight earnings for 1923, $10,041,893; total expenses, $10,971,856, or a loss, before charging lay-up expenses and depreciation, of $929,963.

In 1924, the total freight earnings were $10,615,646; the total operating expenses, $10,446,865, or a profit of $168,781. This again before charging lay-up.

The passenger cargo steamers: total freight earnings for 1923 were $6,428,023. Now, the total freight operating expenses charging direct expenses where indicated as such, and apportioning general operating expenses on basis of freight earnings to total freight and passenger earnings, amounted to $4,977,519, and would produce a profit over that part of the traffic, on that basis, of $1,450,504.

The total passenger earnings were $17,852,420; total passenger operating expenses, charging direct expenses where indicated as such, and apportioning general operating expenses on basis of passenger earnings to total freight and passenger earnings amounted to $14,326,495, or a profit on the passenger department of $3,525,925. The mail and miscellaneous earnings were put in as gross earnings on this exhibit, amounting to $519,797, making a profit before charging lay-up and depreciation of $5,496,226.

As compared to that, we have for 1924, cargo steamers, total freight earnings, $7,864,798, or an increase of approximately $1,400,000. The total freight operating expense, charging direct expenses—using the same bases of apportionment—amounted to $7,227,668; they absorbing their share of the increased expenses of that year.

The total passenger earnings were $17,824,371, and the total passenger operating expenses, using the same bases of apportionment, would be $16,687,604. I do not think I mentioned the profit on the passenger cargo steamers, which was $637,130, and on the passenger earnings would be $1,136,767. The mail and miscellaneous earnings were again put in at gross, amounting to $642,627, and would give a profit of $2,398,524.

Now Exhibit 1C is practically the same as 1B, with this exception: that we have apportioned some of these expenses over mail and miscellaneous earnings. Shall I read that?

Sir HENRY DRAYTON: I have just glanced over it. It seems to be very much the same.

The WITNESS: It is, except that I have charged some of these expenses against the mail.

Sir HENRY DRAYTON: Skip that, and go to the next one.

The WITNESS: All right.

Sir HENRY DRAYTON: That looks like an interesting one.

The WITNESS: This is a statement of the earnings and operating expenses of cargo steamers of various lines engaged in the North Atlantic Canadian trade as shown by voyage summaries submitted for inspection, 1923 and 1924. In explanation, I have attempted—first of all, I have the number of steamers, the number of voyages, the average voyage per steamer, number of voyages days, average voyage days per voyage. I wanted to put in the steaming days, but I did not have it in sufficient detail so that I could use it; I wanted to get the average steaming days per voyage, and I had the same problem there. The original cost of steamers. I did not have them in all cases, so I could not use them. The replacement cost as a fair value I did not have, and the depreciated value of stearmers was another missing link. I also took the percentage of each individual item to the total expense, and then I took the percentage of expenses to earnings, and divided it into the item "per voyage," and got it down to "per voyage day." Nineteen hundred and twenty-three and 1924 are on the same basis. In 1923, the number of steamers employed were 61; number of voyages, 247; average voyage per steamer, 4; voyage days, 14,764; average voyage days per voyage, 59·5, against 1924, with a total of 73 steamers, with 261 voyages, showing an average voyage per steamer of 3.5; voyage days, 13,342; and the average days per voyage, 51·5.

I divided it, where I could, between east and westbound. In 1923 the earnings were $4,424,909, against $4,622,945 in 1924. That is eastbound. West, $1,271,637 against $1,045,776; undistributed, $4,118,787 and $4,820,441 in 1924. By undistributed I mean the voyage summary did not indicate the difference between east and westbound revenue. Where they were shown as intermediate ports, I have separated them; $103,492 in 1923; in 1924, 03,428; miscellaneous $123,068 in 1923; in 1924, $123,056. Operating expense in 1923, $4,248,519 against $4,147,058 in 1924. Those are port charges. Fuel, 1923, $2,367,338 against $2,320,465 in 1924; wages, 1923, $1,223,675 against $1,095,459, in 1924; stores and provisions, $626,703 against $570,790; Insurance $748,183 against $550,163; repairs, $733,905 against $562,941; management and general $534,156 against $748,994; agency, brokerage and commissions, $225,813 against $281,096; sundries, $263,564 against $169,899. Total operating expense, $10,971,856 against $10,446,865, in 1924. Now, the percentage of each individual expense item to the total expense item in 1923: port charges were 38.7 per cent against 39.7 per cent, in 1924; fuel was 21.6 in 1923 against 22.2 in 1924; wages, 11.2 against 10.5 in 1924; stores and provisions were 5.7 in 1923 against 5.5 in 1924; insurance 6.8 against 5.3 in 1924; repairs, 6.7 in 1923 against 5.4 in 1924; management and general 4.9 in 1923, against 7.1 in 1924; agency, brokerage and commissions, 2.0 in 1923 against 2.7 in 1924; sundries, 2.4 in 1923 against 1.6 in 1924. Now, the per cent of expense as to earnings: in 1924, port charges were 42.4 per cent against 39.1 per cent; fuel, 23.6 per cent against 21.8 per cent; wages, 12.2 per cent against 10.3 per cent; stores and provisions, 6.2 per cent against 5.4 per cent; insurance, 7.4 per cent against 5.2 per cent in 1924;

repairs, 7.3 per cent against 5.3 per cent in 1924; management and general, 5.3 per cent against 7.1 per cent in 1924; agency, brokerage and commissions, 2.2 per cent against 2.6 per cent; sundries, 2.6 per cent against 1.6 per cent; the total being 109.2 per cent in 1923, producing a loss, as against 98.4 per cent, in 1924, producing a small profit. The per voyage port charges in 1923 were $17,201 against $15,889 in 1924; fuel, $9,584 against $8,891 in 1924; wages, in 1923, $4,954 against $4,197 in 1924; stores and provisions, $2,537 against $2,187; insurance, $3,029 against $2,108; repairs, $2,971 against $2,157; management and general, $2,162 against $2,869; agency, brokerage and commissions, $914 against $1,077; sundries, $1,067 against $651. And the per voyage day port charges were in 1923, $288 as against $311; fuel, $160 against $174; wages, $83 in 1923 as against $82, in 1924; stores and provisions, in 1923, $42 as against $43 in 1924; insurance, $51 against $41 in 1924; repairs, $50 in 1923 as against $42, in 1924; management and general, 1923, $36 as against $56 in 1924; agency, brokerage and commissions, 1923, $15 as against $21 in 1924; sundries, 1923, $18 as against $13, in 1924. There is just one more exhibit, which I did not go over. Do you wish me to do this.

The CHAIRMAN: I think so, seeing you have gone so far.

The WITNESS: This is the last one.

Statement of individual items of expenditure of all cargo steamers:—

(*a*) Compared with similar items referred to in evidence given by Mr. Cleminson, page 23 of printed evidence.

(*b*) Showing variations of these items as between the different lines. The first column on this is copied from the printed evidence of Mr. Cleminson. I reduced it to percentages and then I used it as a basis to compare the actual. In that evidence of Mr. Cleminson the port charges were 42·2 per cent of revenue as against 39·1 per cent; fuel was 18·9 per cent as against 21·8; wages were 9 per cent as against 10·3; stores and provisions were 5·7 per cent as against 5·4; insurance, 7·1 per cent as against 5·2; repairs, 4·6 against 5·3; management, general agency and brokerage, 7·1 against 11·3; interest, depreciation, etc., 5·4 per cent against what I have left, after I charge these other items, 1·6 per cent. In port charges, while the actual is 39·1 per cent, some of them run as high as 48·9 per cent, as against a minimum of 33·6 per cent. The actual was 21·8 maximum; minimum, 17 per cent; wages, the actual is 10·3 per cent against 12·8 maximum and 8·6 minimum; stores and provisions, 5·4 per cent; maximum, 6·6 per cent; minimum, 4·3 per cent. Insurance, 5·2 per cent; maximum, 10 per cent; minimum, 2·5 per cent; repairs, 5·3 per cent; maximum, 9·2 per cent; minimum, 2·7 per cent; management, general agency and brokerage, actual, 11·3 per cent; maximum, 16·9 per cent; minimum, 6·8 per cent.

The CHAIRMAN: Now, perhaps we should allow Mr. Symington to ask some questions which he may have prepared, and the various members of the committee will ask questions.

The CHAIRMAN: Now, Mr. Symington, have you any questions to ask Mr. Scott?

Mr. SYMINGTON, K.C.: I have very few, sir.

Sir EUGENE FISET: I do not think that any of the members of this Committee have had time to digest this report. Notwithstanding the fact that Mr. Symington might ask some questions I am one of those who think they should postpone the examination of the report for at least one day, so that we may study it and digest it.

Mr. SYMINGTON, K.C.: I have only two questions. I was going to ask Mr. Scott if he could give any explanation of the increased expenses of 1924 over 1923, shown in the passenger cargo liners.

Hon. Mr. STEVENS: What exhibit.

Mr. SYMINGTON, K.C.: I think it is in them all. I think in 1A, which I have open before me.

The WITNESS: I cannot give anything—

By Mr. Symington, K.C.:

Q. Just a moment until I finish my question. In view of the fact that I notice in passing, that the increase in expenses in the cargo liners is very small; in fact, it is less—in the straight cargo liners the expenses are less in 1924 than in 1923; that is, in the boats carrying freight only. Have you any explanation as to the increase of $4,000,000 in expense in the boats carrying passengers and freight?—A. I have no personal knowledge of the case.

Q. Is there anything in the figures which indicate— —A. Nothing in the figures— I will put it this way: I have no personal knowledge of why they should increase, other than explanations that I have asked for, and the explanation that I got was this, that the passenger side of the passenger cargo boats expected considerable traffic to the United Kingdom on account of the Wembley Exhibition, which did not materialize. That is the explanation that I got.

By Mr. Rinfret:

Q. You mean they got prepared for it?—A. They got prepared for a large passenger traffic to Wembley, that did not materialize.

By Mr. Symington, K.C.:

Q. So that that tremendous increase, or that large increase of four million dollars was then applicable to freight or passenger boats, do you think?—A. If that explanation is correct, naturally the supposition would be, in preparation for increased passenger business.

Q. Now, you have not given a summary—

By the Chairman:

Q. Before you leave that point, might I ask the accountant whether he inquired if this expense was of the nature of merely current expense or whether it was for improvements which might be valuable in the future?—A. I think, Mr. Chairman, if you will look in the report you will find that there were 213 voyages on passenger cargo boats in 1924, against 181, so that the earnings, notwithstanding the increased voyages were almost constant with the previous year.

By Mr. Symington, K.C.:

Q. That is there were a great many more trips of passenger cargo boats but no more earnings on the passenger cargo, is that right?—A. That is right.

By the Chairman:

Q. I wonder whether the witness got my question or whether I failed to catch the import of his answer? It does not quite answer the question I put to him. It may be that his answer contains something which I failed to grasp. This is my difficulty; I find myself face to face with an increase of some four million dollars in round figures, in passenger expense from one year to another. The witness is asked whether he can account for that. He says "I cannot tell personally, but this explanation is offered me by the lines, that we made preparation for Wembley traffic, which we were disappointed in, and this preparation involved considerable extra expense." Now, my further question was, did this considerable extra expense comprise expense which would be

useful for that year, or was it an expense which, if not useful for that year, might be useful in subsequent years.—A. I could not answer the question, as I have no knowledge beyond the explanation I gave you, that there were additional voyages.

Q. And if they did not receive the revenues, the expenses would be attributable to the additional voyages?

Mr. MONTGOMERY, K.C.: 213 as against 181.

Hon. Mr. STEVENS: There were 32 extra voyages.

Sir HENRY DRAYTON: Without any extra receipt.

By Mr. Symington, K.C.:

Q. If you will look at Exhibit "A" again, Mr. Scott, you will find the result of the total operations, I take it, for the year 1923, by subtracting $929,000 from $5,496,000 in arriving at the Profit and Loss statement?—A. Less the lay-up expenses.

Q. Before the lay-up?—A. Before the lay-up.

Q. Or depreciation?—A. Or depreciation.

Hon. Mr. STEVENS: Including passenger traffic?

By Mr. Symington, K.C.:

Q. Including operations, everything, that is, deducting these figures and before lay-up or depreciation there was a profit for 1923 on the whole shipping operations of all kinds, of $4,466,263; that would be correct, would it not?—A. No, $4,566,263.

Q. And if you took off your lay-up expenses it would amount to what?—A. $4,103,578.

Q. So that we can take it that the net results of the operations of these companies upon the North Atlantic for 1923 before depreciation, was a profit of, what?—A. $4,103,578.

By Sir Henry Drayton:

Q. Wait a minute, Mr. Scott. I would like to understand that. When you arrive at the profit, that means the net?—A. It should.

Q. What do you allow in your profits, anything on your interest account?—A. As far as I know, there is no interest included, but I will not make a personal statement that there is no interest included, because I do not know the details of the individual items in the voyage accounts.

Q. So far as you are concerned, you know of no interest?—A. I know of no interest.

Q. Any payment of profits?—A. Not to my knowledge.

Q. Or anything like that?—A. Not to my knowledge.

Q. So that when we are talking of profits, we are really talking about a balance which may be attributed to profits?

The CHAIRMAN: An operating profit, I presume.

By Sir Henry Drayton:

Q. It is attributable to profit without depreciation or interest?—A. It is profit before depreciation or interest. I do not want to be on record as saying that there is no interest.

Q. But if I hadn't anything in for depreciation, let alone looking after my interest, I might not have any profit?—A. That is the usual way of putting up this statement, that it is a profit before depreciation and interest.

Q. A gross operating profit?—A. A gross operating profit.

By Hon. Mr. Stevens:

Q. Before depreciation, of course?—A. That is clear.

By Mr. Symington, K.C.:

Q. And in 1924 the net result of the operations on the North Atlantic, before depreciation, was what?—A. $4,103,578.

Q. That was 1923?—A. Did you ask me about 1924?

Q. Yes?—A. $2,284,815.

Q. You have to take off the lay-up expenses of $2,398,000 from the passenger cargoes?—A. $2,398,524 from passenger cargoes; $168,781 from strictly cargo steamers would give a total of $2,567,305, from which we should deduct these lay-up expenses of $282,490, which would produce a gross operating profit, as you term it, of $2,284,815 before depreciation.

Q. In considering that the increase in operating costs of the passenger cargo steamers was $4,000,000 in 1924 over 1923—A. $4,000,000 and something.

By the Chairman:

Q. $4,500,000, wasn't it?—A. $4,600,000.

By Mr. Symington, K.C.:

Q. Turning, with that $4,000,000 in mind, to Exhibit 1D, Mr. Scott, there has been charged in your apportionment of freight earnings to expenses chargeable to freight earnings some $2,300,000, is it not?—A. Of the increase of $4,000,000?

Q. Yes.—A. $2,300,000, yes.

Q. That would hardly tally with the idea that it was caused by making provision for Wembley passengers, would it?—A. No, that is perfectly true. I did not have that explanation, when I drew this statement.

Q. What happened was this, that there had been charged to the freight a considerable amount of charges applicable to those voyages which were unnecessary, but which were contemplated to have been necessary by reason of the Wembley Exhibition—A. Yes, if that explanation is correct, I presume one might argue that.

Q. You say "if that is correct." This explanation was given you by the gentlemen who were answering the questions?—A. No; I just consulted with one gentleman in Montreal in that connection, as to his particular increase.

Q. One of the steamship lines?—A. One of the steamship lines, and he gave me that reason.

The CHAIRMAN: Has the witness any explanation, from his examination of the figures, to give us concerning this somewhat large increase?

By Mr. Symington, K.C.:

Q. The $4,000,000 increase, I think you said from the figures you could not give any?—A. I cannot give you any explanation other than what I got from one of the men.

By the Chairman:

Q. We want your personal knowledge?—A. From my personal knowledge, I cannot give you anything.

By Mr. Symington, K.C.:

Q. Let me ask you this; from the figures furnished you and your study of them, can you offer any other explanation?—A. No, not other than that they were increased voyages. That is the most obvious reason.

Mr. MONTGOMERY, K.C.: It is very obvious.

By Mr. Symington, K.C.:

Q. Let me point out to you, if it is so obvious as my learned friend seems to think, that the percentage of Management—

[Mr. Gordon W. Scott.]

Hon. Mr. STEVENS: I think if Mr. Symington would let us follow him, it would be of much more interest. What statement are you dealing with, Mr. Symington?

By Mr. Symington, K.C.:

Q. Turning to Exhibit 1D, Mr. Scott, is 1D the sheet that shows the percentage increase, taking 1D, Management and General?—A. That only deals with cargo boats.

Q. That large item, apparently Management and General Expenses on the cargo boats increased very materially between 1923 and 1924?—A. Do you mean in percentage?

Q. Yes.—A. It increased from 4.9 to 7.1. No, I have taken the wrong one; the percentage of expenses increased from 5.3 to 7.1.

Q. And the percentage of expenses to the total expenses?—A. From 4.9 to 7.1.

Q. Those percentages represent a large sum of money, do they not?—A. That is apparent on the statement. There is the difference between $534,000 and $748,000, approximately $214,000.

Q. On the cargo steamers?—A. On the cargo steamers.

Q. Looking at Exhibit 2, Mr. Scott—

Hon. Mr. STEVENS: Before you leave that, Mr. Symington, would it not be well to ask Mr. Scott this; you will find an almost corresponding deduction in the item of Management. General is a miscellaneous item, which might contain some miscellaneous repairs, in some companies; for instance, no two companies give exactly the same classification. That is where Mr. Scott is so handicapped in making these statements. I think he has made a very excellent analysis.

By Mr. Symington, K.C.:

Q. Repairs is one of the items specified in the information you had?—A. Yes, but I would not like to go on record as saying that any one of these classifications contains items that should be classified under that particular classification, having no knowledge of what is back of these figures.

Q. You cannot say whether they are similar or comparable?—A. I would not like to go on record as saying that they are.

By Mr. Duff:

Q. What is that?—A. I think Management and General might contain some repair items, but I have no knowledge back of the details of the voyage summaries.

By Mr. Montgomery, K.C.:

Q. Other accounting might be different?—A. Might be entirely different.

By Mr. Symington, K.C.:

Q. I do not wish to disclose anything that came to you confidentially, so that if my learned friend will listen carefully to the question, he will see whether it is objectionable or not. You did have an opportunity of comparing one line more fully, it was placed at your disposal?—A. Yes.

Q. Was the increase of which we were talking—without giving the amount—generally indicated to the same extent in that particular line?—A. Not in all cases.

Q. I am speaking of the increase in expenses in 1924 over 1923?—A. You are referring now to cargo boats only?

Q. No, I am referring rather to the passenger cargo boats? The increase in 1924 of $4,000,000 in the whole operations, was that increase reflected in the line in which you were able to say what it was?—A. Well, the increase in

expenditures in that particular line amounted to a considerable portion of the total increase in expenditures, and in that particular line I asked for the explanation, and I worked out the average per voyage and compared it with the previous year, and it was not out of line very much; therefore I was quite willing to accept that explanation of that particular line.

By Hon. Mr. Stevens:

Q. And did that line have a substantial number of passenger boats?—A. Yes.

By Mr. Symington, K.C.:

Q. There is only one other question I want to ask you to-night on this, Mr. Scott; would you consider, from the information furnished to you, that you are in a position to report upon the earnings and expenses, and consequently to report upon whether the rates are reasonable or not?—A. Will you say that again?

Q. Would you consider from the information furnished to you, that you are in a position to report upon the earnings and expenses of these lines, and consequently report upon whether the rates based upon that are reasonable or not?—A. Well, in fairness to both parties, I do not want to take any responsibility for these figures, beyond the mathematical accuracy of them, I would not like to say that the rates are unfair, neither would I want to say that they are fair.

Q. I asked you whether in view of the information furnished you, you would be in a position to make a report?—A. Were I in a position to fix rates, would I fix them on these figures?

Q. Yes.—A. Not without more knowledge.

By Mr. Duff:

Q. Mr. Scott, looking at Exhibit 1A, which is shown as the total operating expenses of all kinds, it shows an increase in 1924 over 1923 of approximately $4,600,000. Now you said that these expenses you were told were due to the fact that a number of extra trips were made on account of the Wembley Exhibition, and that the gross receipts were not increased by those extra trips. In other words am I right in assuming that if these extra trips had not been made, that instead of showing a profit of $2,398,000, 1924, it would have shown a profit of approximately 7 million dollars.—A. You are asking me to prophesy, Mr. Duff.

Q. No, you said these expenses were due to a certain condition.—A. There is no doubt about it, if they had been able to get the same traffic with a less number of voyages.

Q. Never mind the traffic. You said that they did not increase their receipts.—A. No.

Q. For those extra voyages, but they did increase their expenditure over four million dollars?—A. That is right.

Q. What I am asking you is, if they had not run those extra trips, they would have had the same receipts; consequently am I not right in assuming that instead of having a profit of $2,700,000 odd, they would have had a profit of seven million?—A. If I answer your question I would have to do a little "assuming" with you.

Q. All, right.—A. First we will have to assume, if they made the same number of voyages as they did in 1923, and assume that they got the same passenger and freight traffic, then their operating expenses would have run approximately the same, with perhaps a little variation—I understand there was a little increase in wages or something of that kind—would have run approximately the same as 1923, and they would have had a very nice profit.

Q. You made the statement that you were informed that this 4 million dollars extra operating expenses was due to the fact that the steamers ran a number of extra trips for which they did not receive any extra earnings. What I asked you is, if they had not run those extra trips, they would have still had the same earnings would they not, from what you have stated?—A. I would not want to say they would still have the same earnings. The chances are that the same people would still have wanted to go and they might have had the same earnings; I would not like to say they would have had.

Q. I think you said they did not have any more earnings from those trips? —A. That is true.

Mr. SYMINGTON, K.C.: The gross was not any bigger.

Mr. DUFF: Yes, the gross was not any bigger.

Hon. Mr. STEVENS: You are probably overlooking this; there would be some additional expense incurred by the additional traffic creating these earnings. For instance, tonnage, wharfage and port charges would be increased for the amount of cargo or for the increased amount of stuff handled.

Mr. DUFF: I thought I understood Mr. Scott to say there was no increase in the earnings but an increase of four million in the operating expenses.

The WITNESS: Perhaps if I answered you in this way, Mr. Duff: if they had been able to get the same traffic in 1924 as they did in 1923, with the same number of voyages, and shown a profit on the expenditures incurred as the result of the increased voyages—

By Mr. Duff:

Q. Am I right in saying that instead of 2 million it would have been about 7?—A. I cannot tell you what it would have been.

Mr. MONTGOMERY, K.C.: If their earnings had been the same as the year before and their expenses the same as the year before?

Mr. DUFF: No, not the year before. I am taking 1924.

Mr. MONTGOMERY, K.C.: Their profit would have been what?

Mr. DUFF: I understand Mr. Scott to say that the increased expenditure was due to the fact that they had made extra trips for which they had received practically no remuneration and no extra receipts.

Sir HENRY DRAYTON: On the passenger side. He does not say on the freight side.

Mr. DUFF: No, on the passenger side. He said the 4 million increased operating expenses was due to that fact. Now if these steamers had not run those extra trips, instead of showing a profit of 2 million they would have shown a profit of 7 million.

The WITNESS: In other words, if they had not spent that four million and six, their profits would have been increased correspondingly.

Mr. RINFRET: They might have made a few extra trips but they made apparently too many of them.

By Hon. Mr. Stevens:

Q. Their earnings did increase somewhat?—A. Not very much.

Hon Mr. STEVENS: But not in comparison with the expenses.

Mr. DUFF: I understood they did not make any extra earnings from these extra trips.

The WITNESS: There is an element of supposition.

The CHAIRMAN: Mr. Rinfret, have you any questions to ask?

Mr. RINFRET: I wanted an explanation on this very point, which struck everyone I think, when you were reading your report, that extraordinary and tremendous increase in expenditure from one year to another. It might be interesting to find out how many of those extra trips were taken and a comparison as to the number of passengers that were carried in the two years.

Sir HENRY DRAYTON: 32 extra trips.

By Mr. Rinfret:

Q. You would not have that?—A. No, I have not got the number of passengers. I could not get you that. I have no information of that kind at all.

Q. I understand from your report that you had not much time, and in most cases I understand you had to rely on figures supplied to you by the companies?—A. Entirely.

Q. So that in effect the companies have been enquiring into their own case through you; they supplied the figures and you have merely distributed them to us?—A. I am using the figures that were given to me, without any verification excepting what I have mentioned, in the case of the Canadian Pacific Steamship Line, where I have made a test.

Q. In other words, for these figures you accept no responsibility at all?—A. That is perfectly right.

By Mr. Symington, K.C.:

Q. I understand in the results, you accept nothing except the mathematical result?—A. In the total I accept no responsibility beyond that.

By Mr. Rinfret:

Q. If the occasion offered itself would it be possible for you to go more thoroughly into this matter and present a report which you could more fully endorse?—A. That would be quite a long task, Mr. Rinfret.

Q. That is the reply I expected, but that could be done, though.—A. If I had enough time at my disposal.

By Mr. Duff:

Q. And the proper information.—A. And the proper information, I could produce the report.

By Mr. Rinfret:

Q. You are taking for granted a certain number of things?—A. Yes, I would go as far as to say I have taken about anywhere between 90 to 95 per cent of it for granted.

By Sir Eugene Fiset:

Q. Did you say 95 per cent of it?—A. I would go on record as saying I have taken 95 per cent or perhaps even more than that, for granted.

By the Chairman:

Q. And in the time at your disposal, Mr. Scott, that was the only way in which you could proceed?—A. The only possible way, yes.

By Mr. Duff:

Q. In other words, all you can vouch for is about 5 per cent of this information?—A. Well, in that particular line I went into, I think we tested about between 6 and 8 voyages and that is the only actual supporting detail, that I saw for any of the figures. That is the reason why I am not prepared to go further.

By the Chairman:

Q. As far as that investigation went, Mr. Scott, were you satisfied from your tests as to the accuracy of the supporting figures?—A. Absolutely.

By Mr. Rinfret:

Q. May I put this question, Mr. Scott. We understood from previous reports that the year 1923 had not been as good as the year 1924. Your report shows that to be the reverse.—A. What is that?

By the Chairman:

Q. Mr. Rinfret says, Mr. Scott, that we have been led from information previously given, to understand that the year 1923 had not been as good for the steamship companies as the year 1924, and your report seems to envisage the contrary?—A. You mean, that is, taking into account the passenger-cargo? On the cargo boats alone, I think my figures in 1923 show a larger loss than Exhibit 35 does, and I think the profits in 1924 are less than Exhibit 35. But it we take the passenger-cargo boats into consideration we get a different picture.

By Mr. Rinfret:

Q. I supose it would not be improper for me to ask you why that side of the question was not included in previous reports?

The CHAIRMAN: As a matter of fact, to merely treat the situation as being displayed from cargo boats solely, would it be a fair picture?

Mr. MONTGOMERY, K.C.: It depends on what you are looking into surely. We are looking at a comparison of the Petersen contract. I would think it would not.

By the Chairman:

Q. I am asking the witness the question.—A. I think my answer is in my report when I say: "Inasmuch as in 1923 approximately 40 per cent of freight earnings was derived from Passenger-cargo steamers and 43 in 1924." Indicating, I would imagine, that it is a matter of opinion. I stated in my opinion that to get a picture of the industry, you would have to have the whole situation.

The CHAIRMAN: I can see, gentlemen, the difficulty in which members of the Committee are in being able to intelligently question Mr. Scott on figures running into large sums, which have just been placed before us. Mr. Scott has intimated to me that he has been called for rather important work in Louisiana, and we do not want to interfere unduly with him in the practice of his profession, but I do see the advantage of members of the Committee being given an opportunity to question Mr. Scott after a study of the report. What is your will, gentlemen? Shall I ask Mr. Scott to try to postpone his journey to the South for a day or two, to give us an opportunity to study this, and question him upon it?

By Mr. Symington, K.C.:

Q. To-morrow afternoon will not inconvenience you, Mr. Scott?—A. If I can get away to-morrow evening.

By Mr. Duff:

Q. One more question, please. I thought I understood someone to say there were 26 more voyages in 1924 than in 1923.

Sir HENRY DRAYTON: 32.

Mr. DUFF: 32, was it? I only find here 14.

Mr. SYMINGTON, K.C.: That is in the passenger-cargo.

The WITNESS: Look at the passenger-cargo and you will find there are 42 more. If you look on page 1 of the Report, Mr. Duff. I was only dealing with the passenger-cargo at that time.

Mr. MONTGOMERY, K.C.: There are 44 extra voyages aren't there?

Sir HENRY DRAYTON: 46. But only 32 extra passenger.

By Mr. Montgomery, K.C.:

Q. When you told us that you took 95 per cent for granted, that you had to take 95 per cent for granted, I suppose the five per cent represents the items that you personally traced through to their sources in the C.P.R.?—A. Yes, I think perhaps I was a little optimistic really when I said 95 per cent. I don't remember what percentage of figures I did have in the C.P.R., but what I did take in the C.P.R. I was perfectly satisfied with.

Q. You made tests at random of these different vouchers to satisfy yourself, and the results were sufficient to satisfy you that the C.P.R. statements were correct?—A. I selected any voucher that I chose, and I am perfectly satisfied with the offices of the C.P.R.

Q. And you would regard that, would you not, as being a clear way of satisfying yourself that the accounts were correctly kept?—A. As I said, to make my position clear now, from a test check I am satisfied with what I got from the C.P.R. that it formed an absolute verification.

Q. So as regards that, we can dispose of that one, can we?—A. Quite. I am quite satisfied that the C.P.R. left everything open. As a matter of fact they suggested that I should ask for anything I wanted.

Q. As regards the other lines, their head offices being on the other side of the water, you were not capable of going into their offices to make similar test checks?—A. That is perfectly right.

Q. So that is a physical difficulty that you were up against?—A. Quite so.

Q. And a difficulty which could not be overcome without your taking a trip to the other side?—A. That is perfectly right.

Q. But may I ask you this, Mr. Scott. In every case the accounts submitted to you bore the certificate of a reputable firm of chartered accountants. —A. I imagine that is correct. I think that is correct; I think every one did.

Q. My instructions, Mr. Scott, are that the accounts had been verified by the regular auditors of the respective companies, and that over and above this Messrs. Price Waterhouse & Company had personally gone over them, or such of them as they were not personally the auditors for, and that their certificate was attached to one statement or another of the returns.—A. Price Waterhouse & Company's certificate was not attached to each one of these statements; there were other auditors.

Q. Where they had other auditors.—A. Yes, quite a number of the lines I think. I did not see any certificate from Price Waterhouse.

Q. Or the certificate from their regular auditors?—A. Not on the voyage summaries; I saw printed balance sheets.

Q. I saw one of them which you showed to me and which happened to be the one which contained possibly the least detail of any, and the certificate of Price Waterhouse & Company was on the summarizing figure or the summarizing statement to which the supporting statements were attached?—A. I think in some cases Price Waterhouse's certificates were attached. In other cases there were other firms of auditors, and in a great many cases as far as the voyage summary itself is concerned, it did not have any certificate of any auditor at all.

Q. I am not talking about the voyage summary, because the voyage summary is one of the details of the statement furnished you? That is correct? —A. That is correct.

Q. Then leaving aside the name, whether it happened to be Price Waterhouse & Company or another firm of auditors, we come back to the original statement that the statements which you took for granted were statements bearing the certificates of reputable auditors?—A. I would hardly like to make that statement, Mr. Montgomery, as a complete statement, in view of the way that a lot of this information was handed to me. In some cases I could not follow the voyage returns right up to any auditor's statement.

Q. I am not asking you that for the moment, Mr. Scott. I am asking you whether the several statements which were forwarded to you bore the certificate either of Price Waterhouse & Company or of other reputable auditors?—A. In some cases they did not; in some cases they had no certificate at all, that I could see.

Q. There was one where you made that suggestion to me, Mr. Scott—A. And there are some that have the certificate of Price Waterhouse & Company marked "Certified Correct, Price Waterhouse & Company" on it, but there are some that have not.

Q. I was led to ask you the question, Mr. Scott, because of your making the remark that they were not in every case certified. You showed me one, and I was able to show you the certificate upon it.—A. That is quite true; there are some that have it.

Q. That was the only one you showed me.—A. I could show you others that have not got it.

Q. In any event, we have the evidence, and you have no doubt heard the evidence of the accountants that these are the audited statements, that they have been regularly audited.—A. Yes, I heard that.

Q. And you have no doubt that that is the case?—A. I am not casting any doubt on the figures at all.

Q. That is what I wanted to clear up.—A. The only thing is that as accountant for this committee I construed it my duty to try to understand the figures myself.

Q. Now, no doubt you understand, Mr. Scott, that we are concerned here with the question as to whether certain other cargo boats are to be put on the U.K.—Canadian service?—A. Whether what?

Q. Certain other cargo boats are to be put on the U.K.—Canadian service?—A. You mean these Petersen boats?

Q. Yes.—A. Yes.

Q. You understand they are not passenger cargo boats?—A. I understand that.

Q. Pure cargo boats. Some of the lines involved in this case are not running passenger cargo boats.—A. That is quite true.

Q. Cargo boats pure and simple, and I suppose it would be no consolation to them, even if true, that a cargo passenger boat or boats operated by another line had made a profit before depreciation?—A. No, I do not imagine it would help or hinder their situation at all.

Q. Then let us take cargo boats pure and simple first, with which these Petersen boats will be in any way comparable. Your statements in regard to them do not vary, do they? We can take any one of them, whether A. B. or C.—A. On the cargo boats?

The CHAIRMAN: You are referring to what Exhibit?

Mr. MONTGOMERY, K.C.: Either 1A, 1B or 1C.

The WITNESS: I think it deals entirely with cargo boats.

The CHAIRMAN: Take one, then, so that we will all have the same.

Mr. MONTGOMERY, K.C.: Exhibit 1A, 1B, 1C, 1D, are the same, as regards cargo boats.

By Mr. Montgomery, K.C.:

Q. That is right?—A. Quite.

Q. And the operations of the cargo boats for 1923 show a loss of $929,963?—A. That is right.

Q. And if you add to that the lay-up expense which you give below, they show a loss of over a million dollars?—A. That is right.

Q. And that, before you have made any allowance for depreciation?—A. That is perfectly true.

Q. Before you have made any allowance for interest upon investment?—A. I presume that is true; I do not know the detail of the figures, but I presume there is no interest in it. I do not know that there is not, but on the assumption that there is no interest in the voyage returns, I agree here is no interest charged there upon investment.

Q. Let us assume, for instance, that these boats had been financed in accordance with the statement on page 757 of Hansard, the calculation produced in regard to the Petersen boats, which shows one-half of the cost financed upon five per cent debentures, and one-quarter—A. What is the total cost?

Q. —financed on second debentures, or in other words, 75 per cent of the cost financed by debentures. I will not ask you to go into figures or any elaborate calculations. The cost, if you want to know it, is £135,000 but it will not be involved in any figure I give you. You will note that the suggested method of financing these Petersen boats is 75 per cent borrowed money, and presumably 25 per cent in the investor's capital, the capital furnished by the shareholders?—A. Yes.

Q. Now, if that were the case in regard to these lines involved in 1923, these lines would have had nothing to provide for, their fixed charges, even?—A. That is perfectly right.

Q. Not only would they have had nothing to provide fixed charges, but they would have had nothing to provide the ordinary depreciation that should be charged off from year to year.—A. That is obvious; if they have a loss they cannot provide any interest charges or depreciation.

Q. I suppose you will agree that depreciation is as much an expense as any other portion of the operating charges?—A. There is no doubt in my mind that it should be always provided for.

Q. So that it is rather incorrect to speak of a profit until you have provided for management, and provided for depreciation.—A. There are various kinds of profits, I think; the gross profit, deducting certain operating expenses; then you get down to one kind of a profit. Then if you deduct the remainder of the operating expenses, you get down to another kind of profit, and then you should, to my mind, deduct depreciation before you arrive at a net profit.

By Sir Henry Drayton:

Q. You also have to deduct your overhead charges?—A. Yes.

Q. So your net charges under this calculation would be 75 per cent of the cost of the boats?—A. You are speaking of the Petersen scheme?

Q. Assuming this was done in the same way; fixed charges have to be looked after.—A. Yes.

By Mr. Montgomery, K.C.:

Q. So you would have nothing for your depreciation, nothing for your fixed charges, and a loss of over one million dollars on the bare operating expenses?—A. That is a correct statement, I think.

Q. And that represents the operations of the entire cargo boats, with the exception of the Canadian Government Merchant Marine in the Canada-United Kingdom trade for 1923.—A. I understand that it includes them all.

Q. Now take 1924. Before we leave that, dealing with Mr. Symington's last question to you, would you have any hesitation in expressing an opinion as

to whether the revenue derived from freights was excessive?—A. You mean from the actual freight card, whether the rate was too high?

Q. Whether they collected too much money from the country for the service which they rendered.—A. I do not like to be put in the position of trying to answer a question of that kind, because as far as I can see, from the information available, it is pretty much similar to a plant with a certain capacity that has not got the business to carry it.

Q. A plant which has not got the business to carry it. I assume that if they had westbound cargoes which would fill their boats——A. If they had 100 per cent each way—

Q. That would be an ideal situation.—A. I think it would be.

Q. But they are very far from that.—A I think that is apparent; I tried to bring that out

Q. And that is a condition under which they all have to operate to a greater or less extent.—A. It looks that way.

Q. Due to conditions over which it is not suggested they have any control? —A. I do not think it is suggested they have control over that situation.

Q. Then take 1924. If you deduct your lay-off expenses you have a balance of revenue, before depreciation, of about $20,000 or a trifle over that? —A. That is right.

Q. For the entire operation of the entire fleet of cargo boats, for the entire year of 1924?—A. That is right.

Q. Involving as it did expenditures of—

The CHAIRMAN: $9,250,000.

Mr. MONTGOMERY, K.C.: No, it is more than that.

By Mr. Montgomery, K.C.:

Q. Involving expenditures of over $10,000,000.—A. $10,400,000.

Q. And the profit—if you can call it such—before providing for any depreciation, any fixed charges, if there might have been fixed charges, or any return whatsoever upon the investor's money, was a bare $22,000?—A. That is what the figures show.

Q. If you tried to involve passenger cargo boats, apart from the fact that we were not dealing with the subsidizing of passenger cargo boats, you get into a question of the arbitrary adjustment of certain common charges, do you not?—A. I do.

Q. Which makes it very difficult to get anything which you could certify to as being accurate?—A. Yes; I would not like to say that this is an accurate way of distributing these expenses.

Q. So that our first objection is that in the Petersen contract we are not dealing with passenger cargo boats? You understand that?—A. You mean that the Petersen Contract does not propose to run passenger cargo boats?

Q. Yes?—A. Yes, I think I understand that all right.

Q. And, secondly, in adopting passenger cargo boats, you are running into something which involves arbitrary adjustments, which cannot be relied upon for accuracy?—A. I think so, yes.

Q. So you get a more accurate view of the freight situation, by having in mind the freight which the cargo boats carry—in dealing with the cargo boats? —A. I do not quite follow that question.

Q. You know that certain cargo boats do carry "express freight", if we might call it that, which brings a higher rate per ton than freight where speed is not a consideration?—A. Yes.

Q. And I assume if other boats were to be subsidized as cargo boats, they would not attract that "express freight" any more than do the existing boats? —A. You are asking me to start assuming something, Mr. Montgomery. I

do not know enough about the shipping business to know what would happen, but I assume that if conditions went along as they are now, and the passenger cargo boats still took the class of freight they are taking, the cargo steamers' results would continue to be about the same.

Q. On the other hand, if the new boats succeeded in driving both the cargo boats and passenger cargo boats off the St. Lawrence route they would probably get a higher class rate?—A. You mean the new boats which come on?

Q. Yes?—A. I imagine if they could offer better inducements than these passenger cargo boats, they would get the business.

Q. Now, you tell us that by using your combined figures for total freight, they show, for 1923, $4,103,507—

The CHAIRMAN: To what Exhibit are you referring, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: 1A.

Mr. SYMINGTON, K.C.: It is not on the Exhibit; it is a notation on Exhibit No. 1A.

By Mr. Montgomery, K.C.:

Q. —$4,103,507 available for depreciation, fixed charges, if financed by debentures, and returns upon share capital?—A. That $4,000,000 you refer to? That is, $5,400,000 less 529—?

Q. That is it. The combined earnings of passenger cargo boats?—A. That is 1923?

Q. Yes. That is correct?—A. $4,193,578—that is correct.

Q. 103 is it?

Hon. Mr. STEVENS: That is an error; it should be "193."

By Mr. Montgomery, K.C.:

Q. Now, have you any idea of what the total investment is in the entire fleet of passenger cargo boats? It is over one hundred million, is it not?—A. Over one hundred million?

Q. Yes; my instructions are that it is well over one hundred million?—A. I would not like to go on record as saying that; I do not know.

By the Chairman:

Q. Did you try to find out?—A. Yes, I tried to find out in this way, that where I had the information I started to make a statement, but I did not get very far. I imagine, if it is necessary, I can get an estimate, if you wish it, if you say it is near that—I probably could collect it by asking these people around what their capital is.

By Mr. Montgomery, K.C.:

Q. Take it at the minimum of anything of which you are perfectly sure; take it at seventy-five million, or seventy million, or any figure you know is well on the safe side?—A. I would be safe in saying a figure of sixty million; it is probably more than that.

Q. For the total cargo and passenger cargo boats?

Hon. Mr. STEVENS: The C.P.R. can give us theirs.

The CHAIRMAN: Why could we not have a symposium and get it all now? Let us have the capital and then we could multiply by the tonnage—

Mr. SYMINGTON, K.C.: What are we trying to get at? The valuation of the steamers?

The WITNESS: I think I would meet you on seventy million, Mr. Montgomery.

Mr. MONTGOMERY, K.C.: I do not want to go into any exact figures or anything of that sort.

The WITNESS: I will meet you on seventy million.

By Mr. Montgomery, K.C.:

Q. Just give us an estimate as to whether that sum would have provided a fair rate of depreciation and a fair return upon the capital invested?—A. What would you call a fair return? Six per cent?

Q. Take six per cent if you like?

Mr. DUFF: 10 per cent—four and six.

The WITNESS: It would not.

By Mr. Montgomery, K.C.:

Q. Take six per cent; only the Petersen boats finance at a little more than six; they show 5½ per cent on one set of debentures, and seven per cent for the others.

Sir HENRY DRAYTON: That makes 10, as Mr. Duff says.

The WITNESS: If you take 10 per cent on seventy million, you would get an annual charge of seven million.

By Mr. Montgomery, K.C.:

Q. So as against that you would only have $4,193,000, on the very best showing?—A. That would be true.

Mr. DUFF: Another sad story.

Mr. MONTGOMERY, K.C.: That is the very best and most favourable showing that can be showed on any consideration.

The CHAIRMAN: Gentlemen, may I interject something here? My view is it would be of very great importance for Mr. Scott to get, as near as possible, from all available sources the information as to what the capital values of the lines are.

Mr. SYMINGTON, K.C.: He has already told you he cannot get that.

Mr. FLINTOFT: He said by inquiring about it, he thought he could.

The CHAIRMAN: Mr. Scott said a moment ago that he thought by inquiring from one gentleman here, and another gentleman there, he could give us a pretty close approximation.

Mr. SYMINGTON, K.C.: Of the capital valuation of the ships?

Mr. MONTGOMERY, K.C.: I am content to take his figure as a minimum. We are surely all agreed that it is at least seventy million, and that serves for the purpose of my argument just as well as if it were ninety million or one hundred million.

Hon. Mr. STEVENS: May I point out, Mr. Chairman, just here, that Mr. Scott is entitled to some consideration. He is going on record here as an auditor, and it is unfair to ask him to accept definitely a figure, for instance, of the capitalization of these ships, unless he is able to verify in some way or another, in a fairly definite manner, what the figures are.

Several Hon. MEMBERS: Hear, hear.

Hon. Mr. STEVENS: His evidence may be picked up later on and the value of his testimony as an auditor challenged through some error that might be disclosed. I do not think we should ask him to fix a figure. We can get it to the satisfaction of the Committee from half-a-dozen of these other witnesses who are here, and I do not think Mr. Scott should be asked to shoulder the responsibility for a figure of that kind.

Mr. DUFF: I think he qualified his statement, Mr. Stevens, so it would not be final.

Mr. MONTGOMERY, K.C.: I would not ask him to take any figures for my calculation, that he could not feel was at least a minimum.

Hon. Mr. STEVENS: The figure he has taken is satisfactory for assumption and calculation.

The WITNESS: Yes, I understand we are in the realm of assumption now.

The CHAIRMAN: I wanted to get that element of assumption reduced to a minimum. That was the reason for my suggestion.

Mr. FLINTOFT: We can subscribe one hundred and fifty million dollars around this table here. That is just a rough figure.

Mr. SYMINGTON, K.C.: At whose valuation?

Mr. FLINTOFT: As carried on the books.

Mr. MONTGOMERY, K.C.: The book valuation, they tell me, is about one hundred and fifty million dollars, and if you cut that a little better than in half and take Mr. Scott's figure of seventy million, it shows where we are—it does not show quite how badly we are off, but it shows, for the purpose of this argument, that we are not dealing with a situation where the life-blood of the country has been sucked out by vampires, as the report would suggest.

By Mr. Montgomery, K.C.:

Q. If you take 1924, the result is even less favourable, is it not, Mr. Scott?—A. Yes. The passenger cargo boats' profits is considerably reduced in 1924.

Q. In other words, as against that seven million dollars which we were assuming upon your minimum figure, you have only $2,284,815?—A. Yes; assuming seven million dollars is right.

Q. So the situation does not look to be a particularly glowing one, from the point of view of the steamship operators?—A. No; it does not look particularly good to them.

Q. From your general knowledge, Mr. Scott, and experience in auditing all sorts of companies, and liquidating a great many of them—A. I would like to have some of these to liquidate.

By Mr. Symington, K.C.:

Q. You have not liquidated steamship companies, have you?—A. Yes, I have liquidated steamship companies.

By Hon. Mr. Stevens:

Q. Do steamship companies go into liquidation?—A. Some of them do, in the trade in the Gulf of St. Lawrence—or the lower half of it.

By Mr. Symington, K.C.:

Q. I mean the trans-Atlantic ones?—A. I have never had a trans-Atlantic one.

By Sir Eugene Fiset:

Q. Wooden ships?—A. Yes, all wooden ships.

By Mr. Montgomery, K.C.:

Q. Would you consider this particular industry was passing through an era of prosperity at the present time?—A. Not from the figures, I would not.

Sir EUGENE FISET: It decreases the luxuries, that is about all?

Mr. MONTGOMERY, K.C.: That is the trouble with the high cost of living; everything is going up.

By the Chairman:

Q. Does Exhibit 22 give the names of all the ships in the North Atlantic?—A. Not all of them, no.

Q. Is it a pretty good list?—A. I think a fair one.

By Mr. Montgomery, K.C.:

Q. I do not want to cross-examine you very much more upon this, as it is more or less self-explanatory, but just to dispose of this Exhibit No. 2, I would gather that you were led into making that comparison on account of an extract from a speech given by Sir Frederick Lewis, to the shareholders of the Gulf Line, and referred to by Mr. Cleminson, on page 23 of his evidence?—A. Yes; in looking over the evidence, I saw that and thought it would be one way of trying to arrive at a basis.

Q. So, as a matter of interest, you compared to see how all the lines checked, taking the results of each line?—A. That was one thing I did, yes.

Q. Otherwise, I do not suppose you would suggest that a comparison of expenses to earnings and other operations between different lines, would indicate very much, would it?—A. No; unfortunately I am not satisfied with it.

Q. That statement, but for the interest in comparing them, would not mean very much?—A. No, with this exception, Mr. Montgomery; I was trying to get my mind into a position where I would be entirely satisfied, if I could.

Q. Just take one element for illustrative purposes. You have seen, have you not, that the results of the westbound voyages vary considerably between the lines?—A. Very considerable, yes.

Q. That some of them get a fair cargo in westbound traffic and others, practically none?—A. Yes, some of them get a fair cargo and others come over almost light.

Q. So that if you tried to apply expenses to earnings, you would expect very considerable variations, as between the different lines involved, would you not?—A. Yes, that would be one reason.

Q. So expenses would go on just the same westbound, whether they had any considerable amount of traffic westbound or not?—A. That would be one reason.

Q. So that it is only natural that there would be considerable variations in the percentage of expense to earnings?—A. There might be variations, but what was bothering me was the lack of explanation for these earnings.

Q. I am suggesting one, on the face of things, for illustration.—A. That might explain one or two or three items, perhaps.

Q. Then you would have to deal with the nature of the cargo?—A. If I was taking a dollar earning as a unit to divide my expense into, naturally, if my earnings went up and my expenses remained constant in one line and the expense went up in the other line and the earnings went down, it would throw the comparison altogether out.

Q. We are dealing with the percentage which expense bears to earnings.—A. In the different lines, yes.

Q. That being true, that the westbound passenger traffic varies considerably, that is one reason why the percentage of expense to earnings would also vary?—A. Yes.

Q. The class of cargo carried, whether it was a high class or a low class, would vary considerably?—A. That would give you an increase in dollar revenue.

Q. That too is involved in the ports they serve. Some ports give a much higher class of cargo than others?—A. Yes, but I think, in fairness to myself, on this particular point, I did not stop at this particular comparison. I took the comparison of the voyage days and again I would find those discrepancies.

Q. That statement is there, in reference to either one boat or one line, whatever it was. The proportion would vary quite as given on page 23?—A. No.

Q. That does not get us very much farther on that point?—A. I think I tried to make that clear, when I was reading this, that it was not the best method of comparison.

Q. We will take that as a matter of interest, compared with page 23?—A. Yes.

Q. I see you have divided the expense into two classes in your 1A?—A. Yes.

Q. The second class being management, brokerage and sundry expense and so on?—A. Yes.

Q. I wonder if you could tell us from the information which you have before you, under which heading you would have put the following expenditures: "Head office staff, supervision?"—A. I do not know.

Q. Agents' remuneration?—A. I do not know.

Q. Cost of canvassing for cargoes?—A. I do not know.

Q. Advertising?—A. In each line you are referring to—when I started out I think I told you I was not sure that these expenses were constant at all. In that agency expenses there may be shed rental, for all I know. I do not know anything about the details back of these figures.

Q. Then I assume your answer would be the same for shed rentals and terminal expenses?—A. Yes. I do not know how these details are made up at all.

Q. Management services?—A. Well, I presume, when they had management services they called them that.

Q. You assumed that last item would be included in the management?—A. I presume that management services were shown as management services. If they were classified under any other heading, I have not got them as management services.

Q. At the moment you are not able to tell me how these were divided, in making up these accounts?—A. Now I simply followed the classification shown by the summaries.

Q. You could not tell it at the moment or at any other time?—A. Pardon?

Mr. SYMINGTON, K.C.: Mr. Montgomery says, at the moment.

The WITNESS: Not unless I started to classify these myself from the original record.

By Mr. Montgomery, K.C.:

Q. Taking one of the voyage accounts, perhaps it would be easier to follow it. I have one before me of the line. You are familiar with it?—A. There is one that has numbers on it, if you can find the one I used as a key, but asking where I put all these individual items now, without that key, I could not do it from memory. If Mr. Hosie has that one on which I had some pencil figures on the side I could tell you that.

Q. How is that?—A. If Mr. Hosie has the one on which I had some pencil figures along the side.

Q. He says they are at the hotel? I am quite willing to suspend this part if you have not the figures before you?—A. No, I could not tell you that just off hand.

Q. Taking the per voyage accounts for the Anchor-Donaldson Line, which I happen to have before me, you could not go through the several items which are given there?—A. Not from memory.

Q. And say under which class of items to classify them?—A. If I had the one with the one, two, three on it, I could do it.

Q. That is all for the moment.

The CHAIRMAN: Gentlemen, I would suggest that other questions to Mr. Scott, unless someone wishes to ask some immediately, might be postponed until we have had some opportunity of studying these statements. I will, therefore, with the permission of the Committee, suspend Mr. Scott's examination, until, let us say to-morrow afternoon at 3.30.

The witness retired.

The Committee adjourned until Wednesday, May 27th, at 3.30 p.m.

PARLIAMENTARY SESSION, 1925

Special Committee appointed to consider the

Resolution

to give the Government of Canada control over certain ocean rates

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Proceedings of the Committee

No. 22—Wednesday, May 27, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee

Messrs. George H. Montgomery, K.C., E.P. Flintoft, C. Russell McKenzie, for the steamship companies

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. Gordon W. Scott, Chartered Accountant, Montreal. (*Continued*)
Dr. J. H. Grisdale, Deputy Minister of Agriculture, Ottawa, Ont.

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1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
COMMITTEE ROOM No. 277,
WEDNESDAY, May 27, 1925.

The Committee met at 3.30 o'clock, p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Johnston, Kennedy (Glengarry), McKay, McMaster, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork—12.

The Chairman read letter received from the Bradley Company, Timber Merchants, Hamilton, Ont., and instructed the Clerk to deliver the letter and accompanying documents to Counsel for the steamship companies.

Mr. Gordon W. Scott, Chartered Accountant, Montreal, who was again in attendance, was further examined and retired.

Dr. J. H. Grisdale, Deputy Minister of Agriculture, who was in attendance, was called, sworn, examined and retired.

The Committee adjourned at 6.05 o'clock, p.m., to meet at 11 o'clock, a.m., to-morrow, Thursday, May 28, 1925.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,
HOUSE OF COMMONS,
WEDNESDAY, May 27, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 3.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we will please come to order. We have a letter, which I think I might read. This is a letter addressed to the Clerk of our Committee, from the Bradley Company, timber merchants, of Hamilton, Ontario, which bears date may 22nd, 1925.

Mr. SYMINGTON, K.C.: I would suggest, before filing the letter that it be turned over to my friends, with the bills-of-lading that you have read, and let them look it over and see if there is anything objectionable to it.

The CHAIRMAN: Mr. Symington's suggestion seems to be an eminently fair one; so I will instruct the clerk not to file it as an exhibit, but to hand it to counsel for the steamship companies, with the supporting documents, in order that they may have communication of them, and we will deal with the matter at a later date.

GORDON W. SCOTT recalled.

By the Chairman:

Q. You have already been sworn, Mr. Scott?—A. Yes.

The CHAIRMAN: Who is questioning Mr. Scott?

Sir HENRY DRAYTON: I think the Committee.

The CHAIRMAN: Or was it the counsel?

Sir HENRY DRAYTON: I think Mr. Rinfret and Sir Eugene Fiset wanted to examine these, so that they could examine.

Mr. RINFTET: In a general way. We had a chance to read the report.

Sir EUGENE FISET: I am satisfied.

Mr. RINFRET: I am not quite ready to proceed now. I suppose some other members of the Committee would like to put some questions. I think, as far as I am concerned, that Mr. Scott covered the ground fully, when he said he could not be held responsible for 95 per cent of the figures in his report.

The CHAIRMAN: Has any other member any questions to ask? Sir Eugene?

Sir EUGENE FISET: No, sir, I have perused the document exhibited by Mr. Scott and I am perfectly satisfied, as it stands.

By Mr. Duff:

Q. From the documents and the voyage accounts, which were submitted to you by the different steamship lines who made the statements, are you satisfied, in your own mind, that these were sufficient to help you come to a decision as to whether the steamship companies were losing money or were making money, or whether the rates were fair or unfair?—A. I think the last paragraph pretty well covers that, that it is difficult to draw any final conclusions from the figures.

Q. Do you not think the Committee should have further information, as regards the voyage accounts and statements of the steamship companies?—A. Of course, I imagine that is more for the Committee's decision, Mr. Duff. In my own mind, I am far from satisfied with my own report. I would like to have been able to come along and tell you that it was a conclusive report, and that the profit or loss that is shown there, in my opinion, was absolutely 100 per cent right; but unfortunately, I am not in that position.

The CHAIRMAN: Shall I call upon Mr. Montgomery, gentlemen?

Mr. SYMINGTON, K.C.: Just a minute.

Mr. MONTGOMERY, K.C.: I have not any further questions to ask Mr. Scott.

By Mr. Symington, K.C.:

Q. Just a minute. Mr. Scott, I asked you to prepare a memorandum in respect of the *Cairnmona* engineer's evidence, voyage 37, 38 and 39. Did you do that?—A. Yes, I have the memorandum here.

The CHAIRMAN: A little louder.

The WITNESS: I have a memorandum here.

By Mr. Symington, K.C.:

Q. Voyage 37 showed 24½ steaming days. Is that right?—A. Yes.

Hon. Mr. STEVENS: What is this?

Mr. SYMINGTON, K.C.: This is from the log, the voyage returns of the *Cairnmona*, from the Captain that was here.

The WITNESS: This is not from the log.

Mr. SYMINGTON, K.C.: This is from the voyage itself.

By the Chairman:

Q. What is it from?—A. It is from these voyage sheets.

By Mr. Symington, K.C.:

Q. And the evidence as to the 38 tons, as the chief engineer says?—A. Yes. It is from the evidence. It is a combination of what was in evidence and what was in the voyage return.

By the Chairman:

Q. In other words, this is a memorandum concerning the *Cairnmona's* operations which you have obtained from the sources available?—A. That is right.

By the Chairman:

Q. What were these sources, which were available?—A. The evidence of the Captain or the Chief Engineer, whoever gave the evidence, with relation to the coal consumption, and the coal consumption as shown by the voyage summary in dollars.

Q. Anything else?—A. No, that is all.

The CHAIRMAN: All right, sir, thank you.

By Mr. Symington, K.C.:

Q. In other words, what I asked to be done was that they take the steaming days from the Captain's evidence, from the voyage sheets; the amount of coal used, from the Captain's evidence. The voyage sheet, voyage 37, for instance, showed the cost of the coal as being so much. Comparing one with the other it showed how near they were in making the two balance and what the cost per ton of coal would be.

(A conference was thereupon held between counsel.)

The CHAIRMAN: Can we get on with something else?

By Mr. Symington, K.C.:

Q. You, yourself, went onto the Rio Dorado and verified the log and so on?—A. I would say this, with the same reservations as I made about the voyage summaries; I verified what was presented to me.

Q. You went in and got the log on the boat?—A. I was presented with the log on the boat.

Q. And you made copies of it and went over it?—A. I made a copy of what was presented to me.

Q. In the original log?—A. Well, I do not want to go on record as saying that it was the original log, any more than going on record to say that these were the original summaries. I do not know.

Q. You got the log from the Captain and the Engineer?—A. They were presented to me by the Captain and I was told it was the general log.

By Mr. Montgomery, K.C.:

Q. Did you see the original log, the scrap log?—A. I did not know then that there was such a thing in existence as a scrap log.

Q. So you are not in position to make any statement as to whether you saw it or not?—A. I would rather not.

By Hon. Mr. Stevens:

Q. Is that the one that is printed here, that statement?—A. I think so, yes.

Q. There is one thing I would like to draw your attention to, on page 692; it deals only with from the time they dropped the pilot until they got to Father Point?—A. Yes, sir. I asked them that question myself at the time. I could not understand some of the things.

Q. But one of them did bring it up to date, if my recollection serves me?—A. I do not think so.

By Hon. Mr. Stevens:

Q. I drew attention to it at the time, and that abstract was presented. The books were all right; the scrap logs were complete?—A. We did not have the scrap logs.

Q. They had them from the time they left the pier in Hull until they landed at the pier in Montreal, but the statement was from the time they dropped the Pilot until they got to Father Point?—A. Yes.

By Mr. Symington, K.C.:

Q. I asked him about coming to Montreal, and he had 278 tons in his cross bunker, and one ton left when he got to Montreal?—A. Yes.

Mr. MONTGOMERY, K.C.: I am told that neither of the logs give the complete voyage from quay to quay. Neither is purported to be a log. They were called log abstracts. They were log abstracts and they did not show the voyages from quay to quay. That is what I am told. I did not examine them myself at all.

By Mr. Montgomery, K.C.:

Q. By the way, have you found the missing ship's register yet, when we are talking about logs? Mr. Dewar, have you been able to find whether the missing ship's register was sent to anyone?

Mr. DUFF: What is that?

Mr. MONTGOMERY, K.C.: We called on the Captain to send us a certified register. There was a discussion about it, as to whether it was sent to someone.

Mr. SYMINGTON, K.C.: Mr. Donald tells me they have sent to Montreal to get another one.

Hon. Mr. STEVENS: On page 694, the Chairman discharged that witness with this observation: "I am going to discharge the witness subject to the Captain sending up a copy of the register." We ought to have that register, Mr. Chairman.

Mr. MONTGOMERY, K.C.: He said that she was what is ordinarily known as a 'tween-decker. In other words, he described her as being comparable to these other liner boats.

Mr. SYMINGTON, K.C.: He said she was 'tween-decks.

Mr. MONTGOMERY, K.C.: Yes, he said she was 'tween-decks. Our suggestion is that she is not 'tween-decks. That is the point, Mr. Duff; the Captain said she was a 'tween-decker, and our suggestion is, to show quite the contrary.

The CHAIRMAN: We will get the register; but if it has not come, and if the boat has gone, is the register still available?

Hon. Mr. STEVENS: No, Mr. Chairman. You suggested Mr. Chairman, that the Customs collector should have a copy of the register made and they should send it up and certify to the copy. That was your understanding when you discharged the witness.

The CHAIRMAN: Yes, that was my understanding; the witness was discharged subject to that.

Mr. DONALD: Mr. Chairman, we can cable for a copy and have it sent over certified by a Customs official in the Old Country.

Mr. MONTGOMERY, K.C.: That will still fail to explain why this captain should not have furnished it.

Mr. SYMINGTON, K.C.: The explanation is that it was sent by the agent. Not having arrived, it is being traced. There is no secrecy about it. He says he has communicated with the agent to trace the one that was sent, and if he cannot find it, to get another.

The CHAIRMAN: Anyway, the Chairman, acting as head of the Committee, directed the captain to send it and he should do as he is told.

Mr. DONALD: Mr. Chairman, we will see that it is produced.

The CHAIRMAN: It is going to be done, no doubt. That is all then, Mr. Scott.

The witness retired.

Mr. SYMINGTON, K.C.: I will call Doctor Grisdale.

Mr. MONTGOMERY, K.C.: For my information, Mr. Duff, will you say that she is a 'tween-decker? You saw this boat.

Mr. DUFF: I am pretty positive. I went down in her hold and in her engine room. I think she is a 'tween-decker.

Mr. MONTGOMERY, K.C.: They tell me she is not. I do not know, I am sure.

Dr. JOSEPH HIRAM GRISDALE, called and sworn.

By the Chairman:

Q. What is your full name, doctor?—A. Joseph Hiram Grisdale.

Q. Are you Deputy Minister of Agriculture?—A. Yes.

By Mr. Symington, K.C.:

Q. Dr. Grisdale, in the ocean carrying trade, what particular kinds of agricultural produce is your Department specially interested in?—A. All kinds of agricultural products. Chiefly livestock and livestock products, such as beef, beef cattle, bacon; dairy products; grain; horses, eggs. All kinds of agricultural products.

Q. You have been in the Department a long time?—A. I have been in the Department of Agriculture for 26 years.

Q. And you have given the subject of Agricultural produces and the marketing of it, some consideration?—A. A great deal.

By Sir Eugene Fiset (speaking in French):

Q. Are you exporting potatoes, doctor?—A. (In French). Not at present.

By Mr. Symington, K.C.:

Q. What particular classes of produce, if any, do you consider to be suffering from too high ocean rates?—A. The product that is particularly concerning us just at present, and the one that we think would be most materially benefited by a lowering, is beef cattle on the hoof. Or stockers.

Q. Why do you say that, doctor?—A. The transportation charges on beef cattle, in proportion to the weight of the animal, are very high at present, especially when you compare them with the rates that maintained a few years ago. Previously to 1914 one could ship a steer weighing from 10 to 15 hundred pounds for 30/—, about $7.50.

To-day, to send such a steer from Montreal, or Quebec, costs from $20 to $25, depending on the port to which it is sent, an increase of about nearly three times what it was. That has had the effect of cutting out practically all light cattle; anything under a thousand pounds, really under 1,200, goes over there at great risk, and for that reason it has deflected our trade in light cattle elsewhere, and the only other market we have is the United States, for lighter cattle than the ones I have mentioned. To get into the United States, there is a duty of a cent and a half a pound on cattle weighing less than 1,050 pounds, and two cents a pound for cattle over that weight. Hence, we are held up on the light cattle whether they go to Great Britain or to the United States, our only other outlet. Consequently, the fact that ocean rates are so high in comparison with what they were some years ago has had the effect of making it very difficult to build up this industry, which was opening up to us something ove rtwo years ago now; an industry, the exporting of stores, which promised to do great things for the beef growing industry of this country, which is susceptible of tremendous development, and which is already in a fair condition but which is hampered by lack of a market.

Q. So then I judge you have come to the conclusion that there is a large market available there if the producer can take advantage of it?—A. There is so far as Canada is concerned; there is quite an unlimited market available, because if you look at the figures from Ireland, for instance, the only other country from which Great Britain imports live cattle, they sent last year over a million head of one kind and another, of which about 700,000 were feeders. We are practically limited to very large ones. They can send all sizes, and all ages, as well as females. We cannot send females, because of the restrictions imposed upon us by the Treaty or by the Act passed two and a half years ago by the British Parliament.

Q. Col. Mullins gave evidence here and he seemed very much impressed with the necessity of lower rates because of the small cattle.—A. That is exactly what I have been trying to bring out. We cannot ship our small cattle because of the space costs. If you ship four in a box it costs $20 apiece. If you ship five, the most you can possibly get in, and they must be small ones at that, or some of them at least, it costs $18 a head. And that is the cheapest. If you ship anywhere else than to Glasgow direct, or Liverpool direct, or Birkenhead or Manchester or Avonmouth or Cardiff, if you deflect for one reason or another, then it costs you more, anywhere from $22.50 to $25. If you go to Dundee, on the east coast, then it is $25. And we are not allowed to ship to any other port, although we ought to have that privilege.

Q. Then what do you think would be the effect of a reduction in ocean rates on cattle?—A. I think the effect would be to open up for us a market the value of which could scarcely be calculated. I think it would have a tremendous effect, not only on the value of our cattle, but upon our cattle industry. I believe it would develop that industry very rapidly, because it would show the breeders in the west, who are just restraining themselves because of the lack of outlet for this smaller stuff,—give them an opportunity to ship this stuff at a profit. If we would take off, say $5 or $6 a head, and supposing the rate were reduced to $15 a head for four in a box, it would probably be $13 or $13.50 for five in a box, as you could easily put in cattle between eight and ten hundred pounds, and then it would take off $6 or $7 a head in the cost, which means a cent a pound, and the producer would almost certainly get that cent a pound, because the supply at present comes from Ireland, and they are getting that advantage; they are getting all that margin that comes out of the pocket of the producer in this country, because of the high freight rates.

Q. And you agricultural experts, who have been associated with that branch, are very strong on the other indirect benefits to the country of the establishment of a cattle industry in the country?—A. It would be a direct benefit, because it would open up the market for the rough forage which we can produce so cheaply and in such immense quanties in this country, and which we do not consume by any means to the extend we should because we cannot find an outlet that will pay for the labour required, in addition to the high freight charges.

For instance, to take a steer from Alberta to Montreal at present costs us between $15 and $18, depending on the size of the steer. When we get him to Montreal or Quebec, it costs $20 more, plus the feed; so you see that adding those two together it makes a very heavy charge for transportation. The distance between say Lethbridge and Montreal—I speak of that because it is one place where we have a station and where we have had experience—it costs us about $1.14½ a hundred to take the steer, and it costs about $1.40 a hundred to take it from Quebec to Liverpool; much higher on the ocean than it is on the land, although the distances are very nearly the same. It is 2,300 miles I think from Lethbridge to Quebec, and it is 2,600 miles from Quebec to Liverpool.

By Mr. Montgomery, K.C.:

Q. Is that $1.14 per steer or per hundred?—A. Per hundredweight, live weight.

By Mr. Symington, K.C.:

Q. That condition of the ocean rate being approximately the same as the rail rate, has that ever prevailed before? Or before the war?—A. Oh no, the rail rate was a little lower in 1913 than it is now. I cannot give the exact figures but somewhere between 25 or 40 per cent. Now it is nearly three times as great on the ocean.

There is another benefit that would accrue, it seems to me, to the shipping companies, if they could see their way to reduce this rate; that is, it would insure cargoes. At present it is only when a man has a chance to get a particularly good lot of steers that he considers shipping them. And it is only a limited number of our steers that go over 1,200 and are of the type that will command the highest price over there. Hence many ships go forward with their cattle decks not filled. Sometimes I believe the sailings are cancelled. In fact I have been told of three sailings being cancelled from now until the end of June, because of lack of demand for the space. Not so much lack of demand for cattle, but for other things to fill it up. Whereas if the cattle had been coming forward, enough to fill all the space at all times, there would not be the same lack of demand for space on the steamers and the steamers would have better cargoes.

Q. Now did you tell us what you thought the reduction should be?—A. Well, a reasonable rate with present prices maintaining on land we will say, and for cattle, the two considerations which enter into the whole question, would, I consider be around $15 for a mature steer.

Q. With a smaller rate for the thousand pound steer?—A. With a smaller rate where they put five in a box.

By the Chairman:

Q. When you say "box," that is a technical term; it really is a stall?—A. It is a box stall. That is what I should have said.

By Sir Eugene Fiset:

Q. Have you sufficient space to carry the business at the present time? —A. No, sir, there is not sufficient space on the steamers at present plying up the St. Lawrence. It would demand more steamers being brought on.

By Mr. Symington, K.C.:

Q. Do you know anything of the cost of carrying steers from Montreal to Birkenhead?—A. The actual cost on shipboard?

Q. Yes.—A. I do not know from actual experience, because I am not a shipping man, and have had no actual experience with it, but the costs have been given to me by some of the shipping firms some time ago, when we were protesting against the high cost; that was about a year ago, and it seems to me that about $15 was the net cost at that time. Labour has come down since, and it seems to me therefore that $15 would be a legitimate charge, leaving a chance for some profit. Of course this is only speculative, because I have had no experience.

Q. You simply studied the figures they gave you?—A. I simply studied their figures.

Q. Is there anything else you want to say first with respect to cattle?

The CHAIRMAN: I have one or two questions to ask the Doctor, Mr. Symington.

The WITNESS: There is something I would like to say just here. It is sometimes claimed that Canada should ship beef, finished beef, and in that way come in competition with the Australian Commonwealth and the Argentine Republic.

By the Chairman:

Q. When you say "finished beef," you do not mean on the hoof?—A. No, sir, finished beef, chilled beef from Canada. It has to be frozen in most cases from the Argentine, although I understand they have discovered a method of sending it over under some chilling process, in which it manages to keep its freshness.

By Sir Henry Drayton:

Q. They do it in two ways?—A. They do it in two ways. It is not very satisfactory, the chilling process.

Q. I have one of the latest reports on it, and it seems to be all right. —A. Some of them have not been satisfactory; I have seen some, and they were not satisfactory.

Q. How long ago is that?—A. Two years ago. I may say that I had a report from England yesterday, to the effect that a large shipment was coming under this process from Australia. I am expecting to hear from it shortly.

Q. I don't think they can carry it that distance?—A. We will see. I will let you have that report when it comes. I expect it in a few days. We

tried this thing out two years ago, a shipment on our own account. We shipped over about 100 steers live, and 50 carcases. It cost us $22.50 at that time for a steer on foot, and for a carcass of a steer, for transportation charges alone, the cost was $10.16; but in addition to that there were very extensive charges that had to be met which more than made up the difference in the cost of feed, care, and so on in carrying the live animal; for instance, I have an analysis illustrating the charges, somewhere here, if I can find it.

By the Chairman:

Q. What is that bulletin you have?—A. The name of this bulletin is 'How shall Canada export Beef Cattle?" Here it is. The whole thing, the average cost per carcass, the whole thing, the average cost per carcass was $32.10.

By Sir Henry Drayton:

Q. How was that made up?—A. That is made up of the cost of the animal, the transportation charges to Montreal, where we killed it.

Q. Let us have the different details, please.—A. The average cost of a carcass from Lethbridge was $38.16, made up of the cost of shipping, although I have not the individual carcass cost there, the steer cost. Then there was the slaughtering charge, $2; materials for wrapping, about $2.50 but not quite. These are given in totals. The extra labour, wrapping and loading 200 quarters, $200.84. I will give it to you for 18 carcases; 18 steers shipped from Lethbridge.

Q. Where were they killed?—A. In Montreal.

Q. Are you charging them with the railroad rate?—A. The 18 steers cost, from Lethbridge to Montreal $325.89; slaughtering charge $2 each, $36; material supplied for wrapping, dressing beef for export, burlap and so on $38.19.

Q. Did you say wrapping?—A. Wrapping. Extra labour, wrapping 72¼, $22.84; they have to be wrapped pretty well to prevent the slime gathering on them. Chilling beef, we have to put it in ice cars, to carry it from the abattoir to the boat $38.16.

Q. But that is a railway charge, is it not?—A. No, that would not be a railway charge, because you would have to do that with any carcass.

Q. Who did the chilling, if the railways did not?—A. It is a railway charge, but it is from the abattoir; it is in connection with the beef. The same charge would not be applied to a living animal going across.

Q. That would not be chilled?—A. No.

Q. On what basis is that chilling charge made? There used to be such a thing as a chilling charge, a charge in the refrigator car; you have to put something in for the refrigerator car service; is this the whole car service, or is it the chilling?—A. It is due to chilling, because the carcass is chilled in the refrigerator.

Q. In the first instance, it used to be done in this way, as I recollect it. When a beast was killed, it went into the chilling room?—A. That is what I mean.

Q. Then it was put into the refrigerator car. I want to know if the railway charges you $38.16 for refrigeration?—A. That is for furnishing a chilled car, a refrigerator car, the transportation of course included.

Q. For what movement is that?—A. From the east end abattoir to the east end stock yards, to the wharf in Montreal, a distance of only four or five miles. They have to go around the mountain.

Q. It would be the sort of thing that with any proper management would be gotten rid of?—A. No. There are no abattoirs around the wharves.

Q. No, because we have put them where we cannot do the business. What is the next item?—A. Loading charges at harbour and handling at wharf, $16.05.

Q. You gave loadings before at $22.84?—A. This is for loading on the wharf.

Q. You gave loading at $38.19, and loadings $22.84?—A. Unloading and loading do not mean the same thing.

Q. Well, let us see. Is your $22.84 for putting those carcases after they were wrappel into the refrigerator car?—A. Exactly.

Q. Who charged you that?—A. The abattoir.

Q. What abattoir was that?—A. The east end abattoir.

Q. You certainly were easy?—A. Maybe we were. You will have to get someone to make a better bargain.

Q. An abattoir charge of $22.84 for just putting the carcases into the car?—A. Exactly.

Q. That is, beside the abattoir?—A. There is track at the abattoir.

Q. What is the next?—A. Ocean Freight.

Q. Have you something else you want to put in?—A. Loading charges, $16.05.

Q. That is, loading on to the boat?—A. Exactly.

Q. How much?—A. $16.05. Ocean Freight $182.87; marine insurance $27. Total to port of debarkation $687.00. Average per carcase $38.16.6, or $38.166.

Q. $38.16?—A. Or 17 cents.

Q. That is, for 18 carcases?—A. Yes.

Q. What have you for 18 head?

By Mr. Shaw:

Q. What were those carcases worth?—A. What did we sell them for?

Q. Yes.

By Sir Henry Drayton:

Q. Let us get the costs first, and take up the other afterwards?—A. We had 18 head. The railway freight on a Government steer from Lethbridge to Montreal was $18.16, and ocean freight on a live steer was $22.50.

Q. Can you give us the 18 the same as the others?—A. I will have to multiply it by 18.

Q. Let us take them singly, and we can work it out for ourselves?—A. The railway rate on a live steer from Lethbridge to Montreal was $18.16 or 18.10.

Q. Is there any transfer charge at all at Montreal, or is it at Quebec; is there anything at Montreal?—A. No.

The CHAIRMAN: For what?

Sir HENRY DRAYTON: A switching charge?

The WITNESS: That is included.

By Mr. Duff:

Q. There was no switching?—A. That included all the railway freight charges. The straight freight charge was less than that.

By Sir Henry Drayton:

Q. The railway rate was $18.16; what is the next?—A. The ocean freight.

Q. The ocean freight on a live steer from Montreal to Liverpool is $22.50; that is $40.60.

Q. What other charges were there?—A. That is all until we get over there.

Q. Do you insure your live beasts? I should think that the basis, if it is going to be fair, should show that. What is your insurance charge, because this is useless otherwise as a basis of comparison?—A. Yes; $1.50 each.

Q. What about attendance on the railway?—A. That is included in the $18.

Q. What about the feed on the railway?—A. I have here an analyzed statement for the 18 live steers, if you wish that.

The CHAIRMAN: Just try and answer the questions, Doctor.

By Sir Henry Drayton:

Q. I asked you what the feed charges were per head?—A. $1.90 at Montreal. The feed charges en route were included in the first item I gave you there of $18.

Q. You consider now you have charged for the 18 live steers?—A. Yes.

Q. Now let us have the whole thing for the 18 live steers?—A. The total charges from farm or station to Montreal were $325.89.

Q. That is, from Lethbridge straight through?—A. Yes. That is the same as the other, isn't it?

Q. That is right.—A. Feed charges at Montreal $1.90 each. They had to be kept a day longer than we would have liked, on account of slaughtering some of the steers.

Q. That would be $34.15?—A. $34.15. Reloading to the wharf for the 18 steers, $1; tags 5 cents or 10 cents, $1.80. Marking—they have to be branded—5 cents each, 90 cents; ropes and pails $7.38; handling—that takes the place of the loading and the unloading and so on, 50 cents each, $9; wharfage 15 cents each, $2.70; insurance $1.50 each at 5/8 per cent, $16.88; ocean feed for the 18 steers, $80.75; ocean freight for 18 steers at $22.50, $405, making a total of $885.45, or an average per steer of $49.19.

By the Chairman:

Q. Doctor, just repeat that.—A. Average per steer landed in England, $49.19; landing charges—we had something to pay over there after that—lairage, three shillings each. That is for the box stalls, the corrals where they are kept. That makes $12.75. This has been brought to cents, so we can follow it easily in Canada. Dues, 9½ pence each, $3.36; driving, $10.62; veterinary inspection—the Imperial government charge is sixpence each for inspecting these animals —$2.12. Total, to time of sail, $914.30, or an average per steer of $50.79 from Lethbridge until it was ready to be sold, all charges paid.

By Hon. Mr. Sinclair:

Q. What is the total?—A. $50.79.

Q. That is the average. What is the total?—A. $914.30.

By Mr. Rinfret:

Q. You have been figuring the shipping at $22.50?—A. Yes, that is what we had to pay in this case. You could get it cheaper now.

Q. Colonel Mullins told us the other day it cost around $46 to ship a live steer.—A. He was probably figuring it at $20. We can get it at $20 now, but we could not then.

By Sir Henry Drayton:

Q. What was your rate then?—A. $22.50.

Q. Why is the insurance more on the carcasses than it is on the live animal? —A. I could not tell you.

Q. I think I can tell you; you carried a higher rate of insurance in the one case than you did in the other.—A. I do not know.

Q. What was the idea of that?

The CHAIRMAN: This insurance would only be against perils of the sea, I presume?

Sir HENRY DRAYTON: That is all.

The WITNESS: These were the regular rates, I presume. I did not look into the rates other people were paying; I supposed we paid the same as anyone else. We are not the only people who exported carcasses.

By Sir Henry Drayton:

Q. Some of the others are very anxious to go on with it?—A. The only one who has done anything worth mentioning in Canada is the Harris-Abattoir Company, and they shipped during 1923 a very large number of carcasses. They made a large number of shipments, and on the whole of their shipments, on the whole of their export business, I am not disclosing any secrets when I say they lost very large sums of money. On about one or two shipments, on one shipment anyway, they made a decent margin; on one shipment they broke about even, in fact on two shipments, I believe, and on the rest of the shipments they lost, without exception.

Q. And I think you know, Doctor, in connection with this market, that it is a market which has to be made?—A. Yes.

Q. It can only be done by a long steady effort?—A. Yes.

Q. You have to educate your people as to what you have to sell?—A. To a certain extent. I believe there are possibilities, if we—

Q. One minute; am I correct in that?—A. To a certain extent.

Q. I should have thought absolutely.—A. No, I would not say absolutely, because there are many other things which enter into it, which take too long to discuss here, and which do not bear on the point.

Q. And then it is absolutely necessary to have continuity of supply, is it not?—A. Absolutely.

Q. Is that not the real reason why that thing failed?—A. Not the complete reason; I believe it is really a part of the reason.

Q. Do you know of any reason why the Department here should sit down contentedly and allow the Argentine to have practically the run of that market, as far as we are concerned, when they are thirty days away, and we are only ten days away?—A. Yes, but we have the chance of shipping live cattle for which we can get a very much superior price than for dead cattle. We made a difference of about three cents a pound, live weight, in favour of the animals shipped live.

Q. You did not give us what prices you got for these two things. We have now the cost of the carcasses, $38.16½ per carcass, and the cost of the live beast is $50.79 in the English market. What were they sold for?—A. We sold these in London; I have a complete statement here, but I think it would be too long to give in this detail.

The CHAIRMAN: Try and give Sir Henry an answer.

By Sir Henry Drayton:

Q. What was your price per pound?—A. I do not have it in that form; it is given in detail. For instance, 50 hinds, 1,117 stones, 7½ pounds brought £234.

Q. Have you not the result there anywhere as to what the results were? Surely you have that.

Mr. DUFF: The total gross.

The WITNESS: 50 steers—.

By Sir Henry Drayton:

Q. You are getting away from it; we are dealing with two representative shipments.—A. 50 steers slaughtered—.

Q. No, you have given us these 18 carcasses.—A. I have not the details of the 18 carcasses.

Mr. RINFRET: I suppose that booklet is available. Could not the Doctor mail a copy of that to each member of the committee, and then we would have it all before us. I suggest this with all deference to the wishes of Sir Henry Drayton.

By Sir Henry Drayton:

Q. Have you ever considered the business now done in the Argentine?—A. Yes.

Q. There they exported in 1924, 3,293,400 quarters of this congealed beef. That is the new process, as I understand it. At the same time, they exported 3,286,200 quarters of frozen beef. There are over 6,000,000 quarters being carried on a thirty day ocean haul. How many did we send? Practically nothing. —A. We are not sending very much this year; we sent quite a lot last year.

Q. How much?—A. About six million pounds.

Q. Just think of saying that is quite a lot. Six million pounds as against six million quarters, and they are making a lot of money on it.—A. We have not the same cattle business as the Argentine.

Q. There is no reason why we should not have.—A. We have not quite as good a cattle country as the Argentine.

Q. Supposing we got a proper rate on beef refrigeration; supposing the Department of Agriculture was to do for Canada what has been done in other countries. Take, for example, New Zealand, where you have an absolute firm arrangement under which the whole of the refrigerated space is contracted for, and paid for whether it is used or not, and a low rate procured. Do you not think if we were to start in doing that we could get into that market, or do you think low rates only help live cattle and do not help anything else?—A. Oh, I am not saying anything like that; you said that. I think low rates help anything.

Q. Certainly.

The CHAIRMAN: Except shipowners.

Sir HENRY DRAYTON: And I think it would help them, if we assured them of a steady load. I think, for example, if we were to make a proper arrangement so that the agricultural products of this country could get a really low rate, with a guarantee that the space would be filled, that the boats would make more money and our farmers would make more money.

By Sir Henry Drayton:

Q. Will you agree with that?—A. Quite. That is right.

Q. Now, have we worked out the difference here?—A. I have an analysis of it here; I will read it to you. The chilled meat realized a gross price of $3.93 per hundredweight on the live weight at Montreal. After taking into account the expense of shipping to Montreal, it realized a net price of only $2.96 per hundredweight.

Q. Say that again?—A. The chilled meat realized a gross price of $3.93 per hundredweight; after paying the expenses from Montreal to London and the charges for selling, and deducting that from what we got for 100 pounds of beef, it left us $3.93. That is what it realized. and then when we paid the other charges it left us $2.96 at Montreal.

By the Chairman:

Q. Not quite three cents a pound?—A. Not quite three cents.

By Sir Henry Drayton:

Q. Then that is an absolute loss?—A. Of course, that is an absolute loss.

Q. What did you pay for selling it over there?—A. We sold it by auction.

Q. This chilled meat?—A. Yes, that is the way it is all sold.

Q. You sold it by auction?—A. Yes, at the regular auction marts.

By Mr. Johnston:

Q. Is that the way Argentine sells her chilled meats?—A. Yes, the same way. There may be some men who have it consigned to them.

By Sir Henry Drayton:

Q. You may be interested to know that Argentine have their own shops that look after the distribution of Argentine meats and so on.—A. They may have some shops of their own.

Q. The figures I have are thirty-six.—A. They may have some, but when I was in London immense quantities of these were on sale in Smithfield market, in the different stalls by the butchers, and they did not belong to the Argentine, because they were handled by different English firms, along with Scotch meat and English meat.

Q. What year was that?—A. I was there two years; I was there in 1923 and in 1924. I went on the markets in both years.

Q. What prices did you get per pound?

The CHAIRMAN: Just a moment, Sir Henry, before you leave that point.

By the Chairman:

Q. You said something about "Argentine Shops." Are they established by the Government of the Argentine Republic, or do they belong to a company? I think you said something about "Argentine Shops" did you not?—A. No, I did not; Sir Henry did. I believe they are established by a company, not by the Government.

By Sir Henry Drayton:

Q. It is all run in connection with the same movement—with the same business ? They are not running their cattle business in the Argentine under such conditions as will make a failure of it, but trying to make a success of it? —A. I saw Argentine beef selling for three cents a pound for front quarters in London, and there is not much money in that. The very best quarters were selling for from five to six cents per pound.

Q. I would like to get this date specifically, because I have some figures which do not agree with that at all. Will you give me this specific date?—A. I cannot give you the day of the month, but I remember particularly in 1923.

Q. Mr. Sales has the particular figures, and will get them for you in a moment.—A. The figures we are dealing with would probably be an average; the average is probably better than the minimum I mentioned, but I do not think the average is as good as the maximum I mentioned.

Q. What did ours sell for? How many pence a pound?—A. Meat sold in London at 4s. 2½d. per stone of 8 pounds, or 12½ cents for the forequarters and six cents for the hindquarters.

Q. What did we get for the live animals at that time? How much a pound?—A. Here is an analysis of 25 steers. It will be noted that 25 steers which were sold alive at Birkenhead and then killed there for fresh meat to be sold in London realized a gross return of $9.33 live weight.

By the Chairman:

Q. Per what?—A. Per hundred pounds; whereas the dressed carcasses finished in the same way, realized $3.93, as against $9.33, or a difference of about 5 cents per pound.

By Sir Henry Drayton:

Q. Have you the total of that compilation in your pamphlet?—A. Yes, but not by the pound; the whole thing is here.

By the Chairman:

Q. Is it worked out?—A. It is worked out. The statement is made at the end, and after taking into account the shipping costs from Montreal, it leaves a net return of $8.58 per hundredweight. At the time of shipping, export steers at Montreal were bringing $7.50, so we made a good margin by shipping them ourselves.

Q. What was the amount of cattle killed in our abattoirs in 1923?—A. In Canada?

Q. Yes?—A. I do not know whether I can give you that or not.

By the Chairman:

Q. If you cannot find it readily—A. I have it here somewhere, but I do not know whether I can find it.

Sir HENRY DRAYTON: I was wondering how that compared with the Argentine.

The WITNESS: Sold on the stockyards—this would practically be what would be killed in our abattoirs; it might not all be killed, but a very large percentage—in 1924, in the Canadian abattoirs, there were sold, on the Canadian stockyards, 872,932 head; in 1923, 830,898 head, and so on down.

By Sir Henry Drayton:

Q. What percentage of that would be stockers?—A. Those are mostly killed. We handled 299,530 head in 1924.

Q. Would that come off your total of 800,000?—A. No.

Q. So you think we slaughtered 800,000 head?—A. Somewhere around that; I cannot swear to that exact figure, but they were sold on the stockyards for slaughter, apparently. Those which were sold for feed or shipped out, amounted to 299,530 in 1924, and 219,814 in 1923.

You were speaking a moment ago about the export of live beef to Great Britain. As I said, last year we shipped about six million pounds; in 1919—

By the Chairman:

Q. Do you mean "live" beef?—A. I meant to say "chilled beef". In 1918 we shipped 94 million pounds; in 1919, 37 million pounds; in 1920, 12 million pounds; 1921, five million pounds; in 1922, 1923 and 1924, each year, six million pounds—and a few hundred thousands besides.

By Sir Henry Drayton:

Q. Mr. Sales has kindly produced for me an actual sheet showing the quotation at Smithfield Market, taken at London. This is in 1921, and it shows during a comparatively short time, with a comparatively small amount of our shipments, the gradual growth in public favour of Canadian chilled meat?—A. That is right.

Q. We will go back to August 4th, the sales of Scotch, English, Canadian live, Canadian chilled, and Argentine chilled. Let us go back a little farther, on July 28th the Canadian chilled sold on the basis of one-eighth of a cent over the Argentine chilled, the rate being 7 5/8 d., and the Argentine 7½d; that is, one-eighth of a penny in favour of Canadian chilled?—A. Not much of a margin.

Q. As long as we are getting something better than our competitors, it is not so bad?—A. But if we are making a loss—

Q. I know your argument, Doctor, but perhaps you will permit me to finish. Try to keep an open mind—

The CHAIRMAN: After all, the conversion of Dr. Grisdale to the view of chilled beef as an export might take some time, which might usefully be used otherwise—

Sir HENRY DRAYTON: Perhaps we can, in a few minutes, do a little bit of missionary work; it is badly needed. Now, let us take the price of December 21st—and then the shipments stop very shortly afterwards, because they had not the beef—Canadian chilled was 7 3/8d. as against 5 3/8d for Argentine; in other words, in that time, Canadian chilled beef was four cents a pound above Argentine chilled?

The WITNESS: I can quite believe it.

By Sir Henry Drayton:

Q. And it should be, should it not? It is better beef.—A.It should be; it is better beef.

Q. It should be, beyond a doubt?—A. I believe there are possibilities for our chilled beef, if we could get it worked out, but it seems to be exceedingly difficult to get it. The Harris Abattoirs have spent lots of money, and have made great efforts to get this business on a profitable footing.

Q. Now, I will give you another figure. You are quite right; at first, our beef going over on the hoof commanded a higher price than our chilled meat. At the wind-up of that experiment on December 21st, the actual quotation on Smithfield Market for Canadian beef was 7d a pound, and for Canadian chilled 7 3/8d?—A. There must be some other circumstances in connection with that, which are not given there.

Q. Here (indicating) is the record?—A. Yes, but there are no explanatory notes.

The CHAIRMAN: Sir Henry, do you think that touches us closely enough so that we should spend much time on it?

Sir HENRY DRAYTON: I thought we were trying to do something useful.

The CHAIRMAN: We are.

Sir HENRY DRAYTON: I have not seen much evidence of it as yet. If we can do anything to cut down this cost of refrigerated services, so that this country can get the benefit of her geographical situation, we are doing something useful. It may be, however, that the only useful thing to do is to consider the other end of it—the Petersen end of it—paying out money, but I had an idea, if we could show, as we can show from the records here, that there is a big market, and we ought to take advantage of it, and ought to have a great deal lower rate than $1.50 on our chilled beef, and we can get it if we have anything like proper co-operative effort, that would be something.

The WITNESS: I have no objection to the chilled beef industry being developed. In fact, I should like to see it developed; it looks like a mistake for us to ship cattle over there and allow them to have all the offal and by-products which are used in this country.

Mr. DUFF: What has this to do with ocean freight rates? I have been trying to follow Sir Henry's argument.

Sir HENRY DRAYTON: I will tell you—with much pleasure.

Mr. DUFF: We will take the pleasure for granted.

Sir HENRY DRAYTON: Our greatest competitor is the Argentine, if we go into agriculture, and that journey is something over thirty days.

Mr. DUFF: What is the freight rate from the Argentine?

Sir HENRY DRAYTON: $1.60.

Mr. DUFF: From the Argentine?

Sir HENRY DRAYTON: Yes; it is either $1.60 or $1.65.

Mr. DUFF: And from Montreal?

Sir HENRY DRAYTON: From Montreal, for a trip that takes sometimes 14 days at the outside, but an average of 10 days, the rate is $1.50. I think that is something that has to do with freight rates.

Mr. DUFF: Now, you are getting down to brass tacks.

Mr. RINFRET: Will we get a copy of that statement?

The CHAIRMAN: Yes, the Doctor will send it to each member of the Committee.

Mr. RINFRET: Then we can read it at home.

The CHAIRMAN: I have a few questions I would like to ask Dr. Grisdale.

[Dr. J. H. Grisdale.]

By the Chairman:

Q. Doctor, the embargo is supposed to be off our Canadian cattle going into Great Britain?—A. Off our steers and spayed heifers.

Q. Not off all our animals?—A. No.

Q. To what ports of the United Kingdom can we ship our cattle?—A. To Glasgow and Dundee in Scotland, to Manchester, Birkenhead, or Liverpool, Avonmouth and Cardiff in England.

Q. Can we send to Aberdeen in Scotland?—A. No.

Q. Can we send to Hull in England?—A. No.

Q. Can we send to London in England?—A. No.

Q. Why can we not?—A. I will begin with the last one first. In London we did have docks where live cattle could be landed, but these docks, when the war was on, were taken over by the war people—I do not know what they called it, the "War Board" or something—and were used for war purposes. After the war was over and ever since the war, there has been a continual effort made by certain interests in London to have these docks brought back into use for cattle, but up to the present they have been unsuccessful. If these docks were available, I have no doubt that Great Britain would open the port of London for the admission of our live cattle. It would be of tremendous advantage to us.

Q. Is the port of Hull open to our cattle?—A. No. I do not think there would be any objection to Hull being opened, if there was any demand. But there is another thing; it requires certain separate lairages, and the cost of the provision of these lairages devolves upon the municipality, and those concerned, in which the lairages would be required, and who are interested in the importation to Hull, so far as I know, have not indicated their willingness to meet that cost.

Q. What about Newcastle?—A. The same thing—

By Hon. Mr. Sinclair:

Q. By "separate lairages" you mean separate lairages for Canadian cattle?—A. Yes.

Q. Apart from Irish cattle?—A. Yes, apart from any other cattle. The same thing applies to all these ports.

By the Chairman:

Q. Why should our cattle have to be kept separate from Irish cattle?—A. I do not know, unless it is to keep our cattle free.

Mr. Symington, K.C.: A remnant of the embargo.

Hon. Mr. Sinclair: What has this to do with freight?

The Chairman: Because if there were larger shipments of cattle to the Old Country, and if these ports, many of them which were open to Irish cattle, and are not open to our cattle, we might have a freer flow and the space would be taken up in greater quantity, and the boats might be able to give a lower freight rate.

By the Chairman:

Q. Is it true, Doctor,—and you will be able to inform the Committee—is it true that certain British ports are open to Irish cattle which are not open to Canadian cattle?—A. I cannot state, except that I know that Irish cattle sometimes go around the North of Scotland, to the east side, to Dundee, to one point. The disadvantage of Dundee is that the port charges are most extraordinarily high; consequently it costs $5 more per head.

Q. My instructions are, from a prominent cattle shipper in Montreal, that there are ports open to Irish cattle in the United Kingdom, which are not open to Canadian cattle?—A. Yes, I believe so.

Mr. McKay: Why?

Hon. Mr. Stevens: There are not very many important points that are not open to Canadian cattle.

The Witness: If we could have our cattle go to the several markets it would be exceedingly to our advantage, because in England nearly all the feeding, except on pasture, is done on the east side, Norfolk and the Counties around there, whereas on the west side, where they land, there is comparatively little feeding done.

By Sir Henry Drayton:

Q. Have they all got the same provisions as to sale?—A. Sir?

Q. Have they all got the same provisions as to sale? At one time, as I understand, there would be some official who would say "this beast is for slaughter"?—A. That is why I had to go over the second time. When we went over first and got the embargo removed they said that animals that were not too fat would be sold, but for the first few months nearly all the cattle that went over were allowed to be sold as stores, to move around, but in a little time, due to causes which I do not need to discuss here, they cut that out; and in a little while nothing but a certain type and a certain weight of animals was allowed to be sold as a store. Then, in 1923 we protested that and made as strong representations as we could, with the result that, since that time, there had been no restrictions, excepting restrictions as to a period of store or quarantine. They have to remain, I think, 28 days, in the first place they go to. For instance, you can sell them from Manchester, Birkenhead, Avonmouth, Cardiff or Glasgow, and they move on to the farm and they must stay there 28 days.

By Sir Henry Drayton:

Q. That is taken up by the purchaser?—A. Yes.

Q. That would reduce our price?—A. It limits the sale and it makes the price a little bit lower, on that account.

The Chairman: Any artificial operation of trade operates against the purchaser or the buyer or the seller or against both.

Sir Henry Drayton: But often saves the country.

The Chairman: Nonsense.

The Witness: I might say that there are many representations being made to the Imperial Government by these feeders and they are increasing. Organization after organization is making representations to the Imperial Government, asking that greater liberty be given to our cattle because they are found to be much more free from disease than the Irish cattle. They are allowed to send in male and female un-spayed heifers, and we cannot do that but I think, probably, and I am hopeful that that will be removed in the future.

By the Chairman:

Q. It is the British breeders who are trying to keep out our cattle?—A. That is my opinion. I do not know if it is right or not.

By Mr. Symington, K.C.:

Q. You are through as regards cattle. Are there any other agricultural products which you consider the ocean rates are too high upon?—A. There is another product, for which there is a demand and which we have been trying, one way or another, for a couple or three years, to build up a market for; rather, to get some across and make a market for them, and that is horses; but we have been unable, in the first place, to get quotations, and when we did get quotations—one particular firm made a quotation of $40 a head, and they

said they would not take any. But if we could get quotations on horses, as we could, I believe, as there are more ships carrying cattle, it would leave greater space or more space. The equipment is more expensive for horses than cattle. You have to have stalls, and there are advantages to us in getting that market, not only in Great Britain, but in Europe.

Q. There is a market, you think, for horses, in Europe?—A. There is a large market, not only in Great Britain but on the Continent, as far even as Russia.

Q. Have we the horses in Canada?—A. Yes.

Q. So there is a possibility of opening that export trade there?—A. We have not many horses at present, because there is no demand. We cannot ship them. If we had the demand, there are great possibilities for horse raising in this country.

Q. Great possibilities?—A. Great possibilities.

Q. You say there is no rate quoted on horses at all?—A. As I say, we got a quotation of $40; and then they would not take them.

Q. If the ship is fitted for horses and if the horses were not shipped, the stalls could be used for cattle?—A. No, they are different.

Q. I know they are better. Could you not ship cattle in them?—A. That would be too expensive, and we would not ship as many cattle. You could ship them, yes, but it would take a little more space than a steer would usually take.

Q. Only in case they did not get the horses?—A. Yes.

By Hon. Mr. Sinclair:

Q. Horses go one to a stall?—A. Yes, horses go one to a stall.

By Sir Henry Drayton:

Q. I wonder if we could not do something in that, by arranging with the breeders so that we could take a given amount of space, making it worth while for some boat to put in horses? There is the possibility?—A. We find a very strong aversion among the shipping companies to equip their boats for horses. I think it costs $17 a stall, to build a stall.

Q. They do not want to spend anything on a gamble, but perhaps the Department of Agriculture would be interested in this, and if they were, cannot they say "we can ship so many horses regularly in such and such a way, so as to justify this expense?"—A. That might be worth trying. I might say that I have a cable to the effect that there is a man on the ocean now, coming to this country, with an order for some one thousand horses, I believe. Whether he will be able to get space or not, I cannot say. I have been trying all spring to get space.

Q. Were you in position to offer a firm contract for space?—A. No, but I asked for quotations, and they would not quote.

Q. I am afraid you will have to go a little further.

By Mr. Symington, K.C.:

Q. Do they carry them out of American ports?—A. No.

Q. They do not carry horses out of American ports at all?—A. Not that I know of.

Q. Are there any other agricultural products.—A. There are many others, but that is the only one I had in mind to discuss.

Q. You had not considered butter?—A. I am not so familiar with butter. I know something about the cost.

Q. We have had some evidence on that?—A. Yes.

Mr. Symington, K.C.: I think that is all.

The CHAIRMAN: You will have some questions to ask Dr. Grisdale, no doubt, Mr. Montgomery?

By Mr. Montgomery, K.C.:

Q. Just a few words about horses. I have just been informed by Mr. Marlow of a fact, which may or may not be within your knowledge that, in connection with this demand for horses for Russia—do you remember a buyer coming out here last year?—A. Yes, he came to my office.

By Sir Eugene Fiset:

Q. What is his name?—A. It is a Russian name. I do not remember it.

By Mr. Montgomery, K.C.:

Q. My information is, that there was a boat here, which they were ready to fit up for horses, and in fact, I think, went so far as to engage space. Do you know anything about that?—A. I have heard something to that effect, sir.

Q. Having engaged the space and having put the company to a certain amount of expense, he defaulted on his contract, because he could not find the horses?

Mr. DUFF: He could not catch them.

The WITNESS: He could find them all right, but he could not find the cash.

By Mr. Montgomery, K.C.:

Q. He could not find the cash?—A. Yes.

Sir HENRY DRAYTON: That is worse.

The WITNESS: I will tell you—I cannot vouch for this—this is what I know about it; at least there is no harm in saying it. He was prepared to put up 50 per cent of the value of the horses and wanted the rest of the price of the horses, plus the cost of transportation, to be collected at the other end, and the dealers at this end did not have sufficient confidence in Russian Finance to trust them.

By Mr. Symington, K.C.:

Q. They wanted to ship them c.o.d.?—A. That is what I am told. I cannot vouch for it.

By Mr. Montgomery, K.C.:

Q. That was not the difficulty with the boat. The boat was actually here waiting for the horses?—A. That is what I have heard.

By Mr. Rinfret:

Q. What had the Government to do with that?—A. The Government had nothing to do with it excepting this: They came to my office, three of them, with a translator and discussed the possibilities of securing horses, and where they could get them and so on. I gave them the information, and delegated one of our men to conduct them around these points, where horses were to be found, and to help them in every way that was possible, to get in touch with the horse dealer, the horse grower and seller. That is all I had to do with it.

Q. They went to you for information?—A. Yes.

By Mr. Montgomery, K.C.:

Q. That would not be very encouraging to the shipping company, to fit up the boat for horses?—A. No.

Q. I suppose no shipping company would undertake to fit out for horses unless they could be guaranteed a certain definite number of voyages?—A. I do not believe they would.

Q. Do you know of anyone, at present, who is prepared to enter into such a contract with any of the shipping companies?—A. As I told you a moment ago, there is a man, I am informed—and I think, correctly informed—on the ocean, at present, coming over here with a contract, to ship some animals over there. He is a man who has been interested in the horse business, who has been connected with the horse business for many years. If he finds this business successful he would be likely to continue it. Of course, if he found it unprofitable I do not imagine he would keep it up indefinitely.

Q. But for a trade of that kind, you would regard it as perfectly reasonable that before a boat could be fitted up for carrying horses, that someone, either the Government or the shipper, should give that boat a contract for a definite number of cargoes, a definite number of voyages with the spaces filled?—A. Well, I should think that a boat that was going to the expense of fitting up these stalls would need some sort of guarantee, or else charge an extortionate, or rather an extraordinary rate; I won't say extortionate.

Q. So far as the present inquiry is concerned, the problem is purely a speculative one?—A. I should say so, yes, entirely.

Q. There is no existing grievance at the present time in that respect?—A. There is no existing grievance but there is a very serious difficulty.

Q. Now let us go on to cattle. As I understand it, the difficulties you seem to feel are in reference to the lighter cattle?—A. Yes.

Q. You, of course, know Colonel Mullins, who was examined here the other day?—A. Quite well.

Q. He is one of the largest exporters?—A. Not one of the largest but he has exported heavily within the last few years.

Q. We have been led to understand that he has been in the game for a good many years?—A. Yes, a long time.

Q. And quite active?—A. Yes, he is a very careful exporter. He is a man who has made money. I do not know that they can all say that.

Q. And I think he told us that the exporters have done fairly well, they made money last year?—A. I believe they did, yes.

Q. Although the selling price last year in Scotland was very considerably lower than it is this year?—A. Not considerably lower. It was a little lower, not considerably.

Q. According to his figures, we have only his figures.—A. I have not last year's figures here, but my recollection is that it was probably a cent to a cent and a half a pound lower.

Mr. SYMINGTON, K.C.: On heavy cattle too.

The WITNESS: That is all heavy cattle. They are all heavy cattle, practically. What we call heavy cattle.

By Mr. Montgomery, K.C.:

Q. I do not know what you are calling heavy and light. What do you call light cattle?—A. Cattle that weigh less than 1,000 pounds or less than 1,050 pounds.

Q. Col. Mullins told us the English market did not want those, that they wanted cattle from 1,050 to 1,150 pounds.—A. Those are the cattle that will command the highest price, but they are not the only cattle that will sell well, if we can sell them at a reasonable figure. I saw, on the Manchester market, no, on the Birkenhead market, some thousands of head of cattle running around 8 to 10 hundred pounds, and they went like hot cakes, but not at a very high figure.

Q. I am told the price realized for cattle under a thousand is likely to be considerably less than it is for the ideal stocker, from 1,050 to 1,150?—A. It is less, but it is not proportionately less.

Q. You told us a few moments ago that it would be very desirable that our cattle should be finished here, if that were practicable?—A. Yes.

Q. And that we should get the offal?—A. Yes, finished and slaughtered here.

Q. Then taking it from the point of view of finishing here to the greatest extent.

The CHAIRMAN: That they should see their finish here.

The WITNESS: I should like to see them killed here, because I believe it affords employment to a considerable number of people in this country, and we would have these by-products which are of very considerable value.

By Mr. Montgomery, K.C.:

Q. As a matter of fact, the heavier we can make our beasts, the longer we can feed them here consistent with market conditions, the better?—A. No, that is not right. The quicker we get rid of an animal off the farm, the better. That is, after it is a certain weight or size, the animal that is kept for four or five years, or three to five years, as is too often the case, is a losing proposition to every farmer that keeps him, and that is one of the principal points against these present rates, and one of the principal points in favour of a lower rate for smaller cattle, so that we can send these smaller cattle and make a good margin on them, whereas if we have to keep them to a large size and if they are kept on the pastures of this country, and have to be kept until three, four or five years old in some cases, they are kept at a loss every time.

Q. Then you do not agree with Col. Mullins? Did you read his evidence? —A. I did not read his evidence, but I am sure he would agree with me in that respect.

Q. Did you say he would or would not?—A. He would.

Q. My friend is saying sotto voce that he would, but we can refer to his evidence. In the first place are we in agreement that the ideal stocker they are calling for over there is from 1,050 to 1,150?—A. That is the ideal, yes.

Q. And that that stocker brings a higher price per pound than the lighter? —A. Yes, he brings a higher price per pound slightly, and he brings a very materially higher price per animal.

Q. And other things being equal, it is therefore desirable that we should land the beasts over there that will bring the highest price per pound?—A. Not necessarily, no. We want to land the beast over there that will make us the most profit in Canada. That is what we are after.

Q. I should have thought that naturally followed?—A. Not at all, it does not follow.

Q. Just a moment. Perhaps you are not following my question. I said, other things being equal it would be desirable that we should ship them over there in the condition best suited to their market?—A. What do you mean by "other things being equal"?

Q. I mean that we will pass on to the other element as far as that is concerned.—A. No, I won't admit that without knowing what you mean.

Q. I am not trying to trap you in any way, doctor. We are all trying to get information and all interested in the same thing.—A. But the other things being equal, is so exceedingly important that I cannot admit it.

Q. We must deal with one element at a time. If other things were equal, shall I put it that way?—A. All right.

Q. It would be desirable that we should get our cattle over there in the condition which the feeder over there asks, and at the weight that he asks. That is correct, is it not?—A. That is too broad a statement. Because when you say that, if you mean by that, that the feeder asks for an animal from 1,050 to 1,100 or 1,500, that is the animal for which he will pay the highest price; but

he would buy an animal weighing as much as 1,250 or 1,300, and he will also buy with almost an unlimited demand, the steer weighing from 900 to 1,050.

Q. We will leave it to the statement that the thing he would like to buy is the steer weighing from 1,050 to 1,100?—A. No, some men would like to buy them.

Q. So you withdraw your former statement that that is the ideal?—A. No, that is the ideal and the steer that many people would like to have.

Q. Then let us drop that. You say that the animal under 1,000 can be carried five to the pen?—A. At present, yes, the British authorities now demand that where there are five to the pen they shall not be over a thousand pounds on the average and an odd one may be over a thousand.

Q. Col. Mullins said it was not desirable to send that kind of animal over five to a pen?—A. No, it is not.

Q. He tells us on the other hand that it is to the greatest advantage, or to use his own words, he says: "The lighter animal is what I am advocating to get the better prices for the man who is producing on the western prairie." That is at page 717.—A. Will you read that again please?

Q. "The lighter animal is what I am advocating to get the better prices for the man who is producing on the western prairies." You agree with that do you not?—A. Yes, quite.

Q. (Reading):

> "What would that lighter beast weigh?—A. Probably 1,150. We are compelled to ship the heavy cattle, 1,400, or 1,300, nothing under 1,200, to meet the heavy charges, and that is not the animal they are asking for.
>
> "Q. What is the right weight for the English market?—A. 1,050 to 1,150, well finished, not thick fatted, but in good order, and he comes back to the land after he has thirty or sixty days' feed of these Scotch turnips—he comes back and sells at the highest price in Britain. He becomes a Scotch-fed bullock and he comes back on the British market as a Scotch-fed one, and he commands a higher price."

A. That is the idea for a certain class but there are a greater number of farmers in the Old Country ready to take the lighter stocker and keep him a longer time.

Q. Let me read you again from Col. Mullins' evidence at page 713. He says:—

> "We made a promise to them, while we were trying to remove the embargo, that we would send them an animal weighing from 1,000 to 1,100 pounds. Under the present $20 rate, it is absolutely impossible to ship that animal without a loss, from this country—from Western Canada."
>
> "And is that the class of animals which Western Canada breeds?—A. That is the class of animals which Western Canada can raise plentifully.
>
> "Q. And to the best advantage?—A. To the best financial advantage in the west, on account of the conditions out there."

—A. Exactly. He supports what I said.

Q. (Reading):

> "That is, it is an animal which is fed on grain and grass and is finished in Scotland?—A. It is fed on grass during the summer time, taken in during the winter, kept in good flesh, and then sent over to Scotland for finishing purposes."

Now do you agree with that? First, let me read you the following question:—

"Q. And is it a fact that Canadian cattle finished in Scotland in that way command a higher price in the market?—A. Yes."

That is from my friend's examination.—A. I may say that Col. Mullins and myself have discussed this question many times in the last few years, and we are in perfect accord in the matter. If you wish to take one of his statements and say that is the whole statement, why you can do it of course, but he is only making one statement there, he did not deal with the other side; but we are in perfect accord in this matter.

Q. I do not think he was at all restricted and he is quite emphatic upon it?—A. Yes, his statement agrees with mine that that is the most profitable, but that is not the only thing. It is most profitable in this country, we find, to ship selected bacon, that is longest bacon, to the Old Country, but that is not the only kind we ship, and we can find a market for the other as well, and make a profit out of it. If we could get all our steers prepared, have them made up ready at 1,050 pounds, just in right condition to finish off in anywhere from 60 to 120 or 150 days, that would be ideal, but we cannot do it; our steers grow up one by one, of different sizes and breedings, and one man wants to sell them at 800 pounds, and another at 1,300. We have to have a market for all these classes, and there is a market, a demand, on the other side for all these classes; but the present rates have the effect of giving the owners with the heavy steer—owners or holders—an advantage over the light owners. It may be all right; I don't know; but I would like to see it, that is what I am saying, I would like to see it five dollars a head less and it would mean that we could ship tens of thousands, or hundreds of thousands, of steers out of Canada, that to-day cannot go, because of this high freight rate.

Q. Now let us take this statement, which is suggested by your last answer, and it may be all right. You are aware that the basis upon which cattle rates have to be fixed, is the cubic measurement basis?—A. Well I suppose we could figure it out that way. It is not the way they are usually calculated. It is calculated on deck space, but you may have to take cubic content. Sometimes it is on the upper deck, and if you figured it out high enough, you would go a good distance.

Q. But there is a shelter above them surely?—A. No, lots of them have not.

Q. Then, not to quibble, we will take it on the 'tween decks; it is figured on the cubic measurement basis and has to be?—A. I suppose it is, yes.

Q. Consequently, if you have your fixed number of beasts per stall, it costs the ship just as much to carry a light beast as a heavy beast?—A. No, if you can put five in a stall it will not.

Q. Then let us take the two classes. If they load five in a stall, they give a reduction at the present time.—A. Yes, they give $2.

Q. I understand you are not quarrelling with that differential?—A. No.

Q. It is not the differential of $2 you are quarrelling with, it is the basic rate?—A. No, not at all. I am not quarrelling with the thing at all. I say it would be a tremendous advantage to Canada. The price may be justified. I do not know.

Q. That helps us a lot. You do not know whether the rate is too high or too low?—A. I would like to see it lowered, that is what I am asking.

Q. From the point of view of the farmer and from the thought that it would encourage cattle breeding?—A. I am confident it would. When we had a chance to get our cattle into the States, before the duty went on in 1922, we sent to the United States over half a million cattle; and since then we have not sent more than 100,000.

Q. I understand these cattle are practically all exported by dealers?—A. A large proportion of them are, but many are exported by the owners, by the feeder, many of them.

Q. We will take it then that the large proportion at least are exported by dealers?—A. I suppose the majority are, I think so.

Q. And these dealers can make up their cargoes pretty well in the way they want them?—A. In what way do you mean?

Q. They can buy heavies as well as lights?—A. Oh yes, certainly.

Q. And average up, if it is a flat rate?—A. But they don't buy many lights, because they are too expensive in the getting over, and they don't bring the price when they get over, commensurate with the cost.

Q. They are not the ones they are looking for the most, particularly if it is a flat rate?—A. Yes, with a flat rate, the heavier the animal, the lower the cost per pound for transportation.

Q. Well now, Doctor, have you given any thought to this subject; would you recommend a flat rate, or three flat rates if you like, or a rate based on the weight?—A. Well, it would be better, but of course that would not give the same rate I presume for a light steer as for a heavy steer, or a small one as compared with a big one.

Q. The element of space is involved?—A. The element of space is involved.

Q. You have got down to a flat rate or to two flat rates?—A. I would imagine you would have two rates per pound.

Q. All I wanted to know was, whether you had any method to suggest as of importance for reducing rates?—A. No, I have not.

Q. You think that is the most practical one?—A. I think so. I do not see any way of changing it materially.

Q. Then if you have a flat rate, or two flat rates, they must necessarily be made in reference to the average animal, must they not?—A. I suppose you could fix it by setting a certain weight, say 1,000 pounds, as the dividing line.

Q. Then when you get above that—because we are told they run as high as 2,000 pounds—A. Very seldom.

Q. But they run up to 1,400 and over?—A. Yes. The best class of cattle weigh around 1,300 and 1,350.

Q. So that we might take 1,200 as a fair average, for the higher rate classification?—A. From 1,200 to 1,250.

Q. Have you any idea what profit the dealers are making at the present time on a 1,250 pound animal?—A. Per head?

Q. Yes, per head?—A. Well, if a man is lucky, he might make $5 per head; if he is mighty lucky, he might make a little more, and if he is not lucky at all he will not make anything.

Q. Do you know the prices in Glasgow the last month?—A. Yes, around 18 or 19 cents. I cannot remember them all.

Q. Are you giving us now the live weight?—A. Dressed.

Q. I am speaking of steer cattle over there?—A. They would be selling around 9½ to 10 cents.

Q. You are away off in your information, Doctor.—A. You are talking over a certain length of time, are you not?

Q. I am putting it over the entire month?—A. They would not be quite that high.

Q. You know the figures, then?—A. Yes. They would not be quite that high for the month.

Q. As what?—A. Ten cents.

Q. That is, for the last month?—A. Yes.

Q. Turn up the files of the Farmers Advocate—you know that publication?—A. Yes.

Q. Turn up the files when you get home, and tell us what the closing price was on the Glasgow market. They have been selling during the month of May at 12, 12½, 13 and 14 cents?—A. It depends upon the quality, entirely; to get the best, you would have to pay that price.

[Dr. J. H. Grisdale.]

By Mr. Duff:

Q. Would they be stockers?—A. Extra good stockers would probably bring 12 cents.

By Mr. Montgomery, K.C.:

Q. If you have not the figures, I am not going to take up your time or the time of the Committee with it. You have not taken into consideration whether the prices will stand that rate or whether they will not?—A. The price they get is based—the price the dealer pays is based upon what he finds to be his charge; that is to say, if he has to pay $20 for transportation, plus the cost of the voyage and other charges over there, then he calculates what he can pay on this side, and he is paying anywhere from 6½ to 7½, and occasionally 8 cents.

Q. Whatever they are, the prices have been sufficient so that there has been a tremendous increase?—A. No, the price has been sufficiently low on this side to permit them selling over there.

Q. I thought we had passed that, Doctor. The prices, whatever they are, have been sufficient so that there has been a considerable increase in the growth of export cattle?—A. Yes, there has been a growth in export cattle. You mean in the year?

Q. As between 1922, 1923 and 1924?—A. There were none in 1922 excepting fat cattle; in 1923 the export was a little over 50,000, and in 1924 not quite 80,000.

Q. The demand for space this year is greater than the corresponding months of last year?—A. Yes, I believe so.

Q. And the conditions have been such as to encourage the farmers in embarking in that branch of the industry?—A. Not to the extent they should.

By Mr. Kennedy:

Q. How do prices compare on the Canadian markets, with last year?—A. They are not any better, hardly as good. I noticed, I think it was Monday, that the price was a little bit lower.

Q. Isn't that partly the reason why there are so many for export?—A. Yes.

Sir Henry Drayton: That is the reason our export power is diminishing.

By Mr. Montgomery, K.C.:

Q. The farmer must be making a greater profit than he did last year?—A. Well, possibly he is, but there is some considerable risk, you know.

Q. The risk was the same last year as this year?—A. I was going to give you some figures, if you would like to hear them.

Q. Do not go at too great length into other things.—A. It will only take half a minute. You know the dealer very well; he shipped last year 2,000 head of cattle and cleaned up $2,000, so he did not make a tremendous margin, did he?

Q. But some have lost money?—A. Some have lost money.

Q. And some of them have made very much more?—A. Possibly some of them did.

Q. The present difficulty, as we have been told by everyone to date, is getting space rather than rates?—A. Just at present, yes. Some of the boats have been taken off.

Q. Some boats have been taken off because apparently the owners were not satisfied that they would pay?—A. Well, it was not due to their being unable to sell cattle space.

Q. That is right, the cattle space was fully taken?—A. Yes.

Q. At the $100 rate?—A. Yes, so I believe.

Q. Yet they were compelled, for one reason or another, to cancel sailings?—A. So I have been told.

Q. The rates on other freights were so low that the round voyage would not pay the expenses?—A. I heard that the freight did not offer, I don't know, so I was told.

Q. The grain rate has been very very low this spring?—A. I do not know that.

Q. You say you do not know that?—A. No.

Q. In any event, does that indicate to you that it is desirable to discourage the development of the fitting up of boats to carry cattle?—A. Does it indicate that it is desirable?

Q. No, taking the conditions as they are, looking at a typical case, would you say that at this time it would be well to enforce a lower cattle rate?—A. I said a little while ago that I did not know anything about rates, but I know that I would like to see lower rates, so that the cattle industry would be encouraged.

Q. I have no doubt that as Deputy Minister of Agriculture, you would like to see them carried at half rates?—A. That would be better, from our standpoint.

Q. And quarter rates would be better still?—A. No; we have to be reasonable.

Q. You think it would be better if it was back to $7.50?

Sir Henry Drayton: We will all agree with that.

The Witness: I think we would.

By Mr. Montgomery, K.C.:

Q. Looking at the thing at the present time, is this a time when the boats should be encouraged to provide more cattle space, or encouraged to drop the carriage of cattle?—A. As I said a few moments ago, I believe that if the rates were lowered it would induce many more men to ship cattle across, and would give larger cargoes of that description.

Q. But at the present time, we are dealing with the present system, when we are told that you can fill every stall that is available; I was going to say twice over but I do not want to be guilty of exaggeration—there is no difficulty in filling every stall?—A. At present, I believe not.

Q. So that the encouragement of the industry is not going to help the shipowners very much at the present time, when they can get all they have space for?—A. But why not make space for cattle?

Q. I assume that those boats are fitted to take all the cattle they reasonably can?—A. Some of them are, and some could have another deck easily.

Q. Another deck built on—A. Most of them carry cattle on the upper deck, and shelter them with a tarpaulin in the summer season. In summer the lower deck is a little hot, but they can carry them in the meantime.

Q. You are in favour of another deck?—A. Yes, next the top deck.

Q. The single deck ship is not going to help us very much?—A. I have been on single deck ships, but have got off them as quickly as I could.

Q. You spoke of labour rates having come down; do you know whether that applies to the ship labourer?—A. No, I do not know whether it applies to him or not, but it applies to other things, I know.

Q. Let us take the list. I have the increases given to ship liners who do a great deal of this work of fitting out cattle stalls in Montreal, and my information is that the rate went in 1923 and 1924 from 50 cents to 62 cents. Those are the men who do the cattle fitting. So the wages of ship labourers have gone up?—A. Have they? I am surprised to hear that.

Q. I do not want to ask you to speak as to that, but you said labour had gone down; you are not prepared to say that is the case, so far as it concerns the labour that is affected there?—A. No; I was just thinking of the general labour market.

Q. Do you know that the Imperial Shipping Board is investigating this cattle question at the present time?—A. Yes, I have their interim report.

Q. You say you have their interim report?—A. Yes.

Q. There is one other thing, Doctor; do you know that the Canadian Pacific Railway fitted out three ships, and do you know the experience of the C.P.R. in fitting out boats for chilled beef?—A. No.

Q. I am told that they specially fitted up three boats to carry chilled beef?—A. Possibly they did, I do not know.

Q. You have never investigated that?—A. No.

Q. And that they hadn't any demand for the space, after they had them fitted?—A. I am not surprised, judging by the experience my friend McLean had in shipping his beef.

By the Chairman:

Q. Was that Mr. McLean of the Abattoir Company?—A. Yes.

By Mr. Montgomery, K.C.:

Q. At any rate, whether it is or is not the best method of exporting, you are not attaching any blame to the shipping companies in reference to this chilled beef question?—A. I have never thought of it.

Q. Then we get back to the fat cattle question. Let us see if we can clean that up. At the present time the principal desideratum is space, not rate, that is the principal thing?—A. No, both. I would not say one was more important than the other.

Q. You think you can treat both in that way, cut the rate and at the same time get more space?—A. Yes, that is the way I would say you could make money. If I could get a little more business to do in a wholesale way, I could do it a little bit cheaper.

Q. Then if you were able to take up every bit of space you could get, and you could make money, you think that that would be the great thing to develop?—A. I would not like to be the company, but I would like to be the man shipping the cattle.

Q. We will not take up any more time with that, then. We are in agreement that a flat rate is the only practical one?—A. It would be practicable to make either one; it might, I won't say.

Q. Therefore a flat rate has to be based on the average animal, to be fair to both parties to the rate?—A. It has to be based on the space occupied.

Q. The space occupied by the average animal?—A. Yes.

Q. And if the space occupied is the same for one size as another, above and below 1,000, it must be based upon what the exporter can afford to pay for the average animal?—A. I would say it ought to be based on what the trade is best able to pay the industry. I am not a great believer in charging all the traffic will bear.

Q. But you must base your rate upon something that surely must have some reference to the average animal. Is that not correct?—A. Yes, it has to have some reference to the average animal.

Q. Once you get away from imposing a graded rate, and impose a flat rate, that surely must have some reference to the average animal?—A. Yes.

Q. So it is up to the exporter to average up to that rate.—A. The trouble is that whenever he takes the lights he loses money.

Q. He does not make as much as on the heavies?—A. He loses, absolutely.

Q. Surely that cannot be so with regard to the ocean freight question. If he averages up by taking some that are over the average, and others that are under——A. I was thinking of the man who would ship a 1,200 pound steer and make some money, and supposing the same man shipped a 900 pound steer, he would lose money. Of course, you can average it up and say he made

half as much on the big steer and balance up on the little one, but the trouble is the small steer loses money. Some of the best men in the Old Country have come over here and bought cargoes of light steers, just what they wanted to feed on their rich pastures, and have gone back and lost money.

Q. Is that what he wants? We have been told just the contrary.—A. No, you have not; you have been told something else, but not the contrary; not by me.

Q. You just a moment ago said—your last answer was that that was just what he wanted, the light steer.—A. That is just what I am saying, yes, as well as the heavy ones.

The CHAIRMAN: Mr. Montgomery, might I suggest this, that surely one buyer in the Old Country might want an animal from 1,050 pounds to 1,150 pounds, and that there are others who might want a light animal for the purpose of finishing.

The WITNESS: Exactly. I have been trying to tell Mr. Montgomery that three or four times.

By Mr. Montgomery, K.C.:

Q. If that were true, the inference would be that there would be an equally good price for the light animals as for the heavier.—A. Which shows you are not familiar with the trade.

Q. I am not making any profession of that; you see, we have to examine professors and doctors and everything else. Do not expect too much of us.

The CHAIRMAN: I offer this with great humility, because I do not fall within either of these classes you refer to, but it would appear to me as common sense that a certain finisher in the Old Country might feel it is best for his business to buy an animal from 1,050 pounds to 1,150 pounds which perhaps requires from 30 to 60 days finishing, while another man is so situated in regard to pasture and facilities for getting stuff so that he wants the cheaper animal.

By Mr. Montgomery, K.C.:

Q. I suppose some might want to bring over calves, as soon as they are ready to ship?—A. Some might.

Q. But that does not get us very far.

By Sir Henry Drayton:

Q. Doctor, in connection with this exportation, I just want to draw your attention to an article, which shows that while we are limping, this outside authority says that this business of the Argentine is making a tremendous advance, and there is a tremendous consumption of this meat in Europe.—A. Yes, no doubt about it.

Q. Now let us see if we cannot get something done.—A. There would not be anyone more enthusiastic than myself to get into that business if we could.

By Mr. Kennedy (Glengarry):

Q. What is the comparative cost of producing a steer in the Argentine as compared with Canada?—A. They produce their steers much cheaper. We have this advantage, in that we are the only people outside of Ireland who can ship live cattle to the Old Country, and there is a demand for that class of cattle; they will pay more for that than for the dead cattle. They (Argentine) cannot ship; they would not be allowed in England if they tried.

The CHAIRMAN: Does anyone wish to question Dr. Grisdale any further upon the question of chilled beef or live cattle? If not, I will suggest to the committee that they tender me their advice as to what time we should adjourn to to-morrow.

The Witness retired.

The Committee adjourned.

PARLIAMENTARY SESSION—1925

Special Committee Appointed to Consider the

Resolution

To Give the Government of Canada Control Over Certain Ocean Rates

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Proceedings of the Committee

No. 23—Thursday, May 28, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee
Messrs. George H. Montgomery, K.C., E. P. Flintoft, C. Russell McKenzie, (for the steamship companies)
Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. W. J. Egan, Deputy Minister of Immigration and Colonization, Ottawa, Canada
Sir William Petersen, K.C.B.E., Ship-owner and Manager, London, England

EXHIBITS

No. 88—Comparison of ocean rates and rate increases, 1913, 1919 and 1924, with special reference to Exhibits Nos. 24B and 53. Filed by Mr. H. J. Symington. (Printed as appendix to proceedings)
No. 89—Transatlantic Sailings from Boston and Montreal for the years 1894, 1902, and 1924. Filed by Col. William I. Gear. (Printed as appendix to proceedings)
No. 90—The Immigration Act and Regulations. Filed by Mr. W. J. Egan. (Not printed)
No. 91—Montreal port charges for S.S. "Rio Dorado." Filed by Sir William Petersen. (Read into evidence)
No. 92—Builders' plan (partial) of S.S. "Rio Ottawa." Filed by Sir William Petersen. (Not printed)

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
COMMITTEE ROOM No. 277,
THURSDAY, May 28, 1925.

The Committee met at 11 o'clock, a.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Johnston, Kennedy (Glengarry), McKay, McMaster, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—12.

Exhibit No. 88, "Comparison of ocean rates and rate increases, 1913, 1919 and 1924, with reference to Exhibits Nos. 24B and 53", was filed by Mr. H. J. Symington, K.C., and ordered to be printed as an appendix to the proceedings.

Exhibit No. 89, "Transatlantic sailings from Boston and Montreal for the years 1894, 1902 and 1924", was filed by Col. William I. Gear and ordered to be printed as an appendix to the proceedings.

Mr. W. J. Egan, Deputy Minister of Immigration and Colonization, Ottawa, Ont., who was in attendance, was called, sworn, examined and retired.

During the course of his examination Mr. Egan filed Exhibit No. 90, "The Immigration Act and Regulations", which is not printed.

Sir William Petersen, K.C.B.E., ship-owner and manager, London, England, who was in attendance, was called, sworn, examined and retired.

The Committee adjourned at 12.55 o'clock p.m. to meet again at 3.30 o'clock p.m. this day.

The Committee reassembled at 3.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Fiset, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—13.

Sir William Petersen, who was again in attendance, was further examined and retired.

The Committee adjourned at 5.45 o'clock p.m. to meet again at 8.30 o'clock p.m. this day.

The Committee reassembled at 8.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—14.

Sir William Petersen, who was again in attendance, was further examined and retired.

During the course of his examination Sir William Petersen filed Exhibit No. 91, "Montreal Port Charged for ss. *Rio Dorado*", which was read into evidence; Exhibit No. 92, "Builder's plan (partial) of ss. *Rio Ottawa*", which is not printed.

The Committee adjourned at 10.55 o'clock p.m., to meet again at 11.30 o'clock a.m. to-morrow, Friday, May 29, 1925.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

EXHIBIT No. 88

List No. 1

OCEAN RATES FROM CANADA AND UNITED STATES PORTS TO GREAT BRITAIN 1913 AND 1920–1924. EXHIBIT 24 B, 1919 RATES EXHIBIT 53

—	Rate	Increase	Rate 1913	Percentage Increase
	$ cts.			%
Apples, Barrels—				
Ordinary Stowage—				
1919	3 00	228	72	317
1920	2 50	178	72	247
1921	1 75	103	72	143
1922–1923	1 25	53	72	74
1924	0 90	18	72	25
Butter—				
Ordinary Stowage—				
1919	1 00	63	37	170
1920	1 25	88	37	238
1921–1922	1 00	63	37	170
1923	0 90	53	37	143
1924	1 00	63	37	170
Butter—				
Cold Storage—				
1919	2 50	197	53	371
1920	2 75	222	53	419
1921	2 00	147	53	277
1922	1 75	122	53	230
1923	1 40	87	53	164
1924	1 50	97	53	183
Cheese—				
1920	1 00	69	31	223
1921–1922	0 75	44	31	142
1923	0 60	29	31	94
1924	0 70	39	31	126
Eggs, Cases Cu. Ft.—				
Ordinary Stowage—				
1919	0 65	54	11	491
1920	0 50	39	11	355
1921	0 40	29	11	264
1922	0 35	24	11	218
1923	0 25	14	11	127
1924	0 35	24	11	218
Provisions—				
Ordinary Stowage—				
1919–1920	1 00	76	24	317
1921	0 75	51	24	213
1922	0 60	36	24	150
1923	0 40	16	24	67
1924	0 50	26	24	108
Provisions—				
Refrigerator 35-40°—				
1919	2 25	190	35	543
1920	2 00	165	35	471
1921	1 50	115	35	329
1922	0 70	35	35	100
1923	0 70	35	35	100
1924	0 85	50	35	143
Provisions—				
Refrigerator 25° or lower—				
1919	2 50	211	39	541
1920	2 25	186	39	477
1921	1 75	136	39	349
1922	1 35	96	39	246
1923	1 05	66	39	169
1924	1 15	76	39	195

All rates are in cents per 100 lbs. except Apples per Barrel, Eggs per cu. ft.

LIST No. 1—*Concluded.*

—	Rate	Increase	Rate 1913	Percentage Increase
	$ cts.			%
POULTRY—				
Refrigerated—				
1920	2 50	199	51	390
1921	2 00	149	51	292
1922	1 75	124	51	243
1923	1 40	89	51	175
1924	1 50	99	51	194
SHOOKS—Measurement 1913				
Per 100 lbs. 1920–24—				
See Summary.				
1920	1 00	80	20	400
1921	0 75	55	20	275
1922	0 60	40	20	200
1923	0 40	20	20	100
1924	0 35	15	20	75
FLOUR—				
1919	1 00	81	19	426
1920	0 65	46	19	242
1921	0 32	13	19	68
1922	0 20	1	19	5
1923	0 19	0	19	0
1924	0 19	0	19	0

Lumber	Heavy including Boards under 2″	Heavy Planks 2″ and over	Light Pine and Spruce Planks 2″ and over	Percentage Increases		
				Heavy under 2″	Heavy 2″ and over	Light 2″ and over
1913	*25*	*21½*	*27*			
1920	100	100	122	300	365	352
1921	60	60	75	140	179	178
1922	30	30	40	20	40	48
1923	30	30	40	20	40	48
1924	35	35	45	40	63	67

LIST No. 2

—	Rate	Increase	Rate, 1913	Percentage Increase
	$ cts.			%
Agricultural Implements, per cu. ft.				
1919–1920	0·50	39	11 Page 310, Class 5, 17/6 and 5%, not in Commodity List.	355
1921–1922	0 35	24	11	218
1923	0 15	4	11	36
1924	0 25	14	11	127
Apples, Evaporated—				
1919–1920	1 00	80	20 Page 311, Dried Fruits, 20c...	400
1921–1922	0 75	55	20	275
1923–1924	0 50	30	20	150
Asbestos Fibre—				
1919–1920	1 25	100	25 Page 310, up to 70 feet 20c., over 70–90, 25c., over 90 feet, 30c.	400
1921	0 75	50	25	200
1922	0 60	35	25	140
1923	0 50	25	25	100
1924	0 60	35	25	140

LIST No. 2—*Continued*

—	Rate	Increase	Rate, 1913	Percentage Increase
	$ cts.			%
Automobiles, per cu. ft.—				
1919–1920	0 65	49	16 Page 310, Class 5, 25/ and 5%, 16c. cu. ft.	306
1921	0 40	24	16	150
1922	0 35	19	16	119
1923	0 15	1	16	6
1924	0 25	9	16	56
Canned Goods—				
1919–1920	1 00	71½	28½	279
1921	0 75	46½	28½	163
1922	0 60	31½	28½	111
1923	0 40	11½	28½	40
1924	0 50	21½	28½	75
Fruit Dried—				
Boxes or Cases—				
1919–1920	1 00	80	20 Page 311, 20c. per 100	400
1921–1922	0 75	55	20	275
1923–1924	0 50	30	20	150
Handles, Straight—				
1919–1920	1 00	78	22 Page 414, 22c	355
1921	0 75	53	22	241
1922	0 65	43	22	195
1923–1924	0 40	18	22	82
Handles "D"—				
1919–1920	1 25	93	32 Page 414, 32c	291
1921	0 85	53	32	166
1922	0 75	43	32	134
1923–1924	0 40	8	32	25
Hair, Hog—				
1919	2 50	204½	45½ Page 316, Hog Hair, 40 and 5%, Weight 45½c.	449
1920	2 00	155½	45½	342
1921	1 25	79½	45½	175
1922	1 00	54½	45½	120
1923	0 75	29½	45½	65
1924	1 00	54½	45½	120
Hops, Warehouse Delivery—				
1919–1920	3 00	211	89 Page 316, Hops, 89c. per 100	237
1921	2 25	136	89	153
1922	1 90	101	89	113
1923	1 65	76	89	85
1924	1 65	76	89	85
Leather, Sole—				
1919–1920	2 50	216	34 Page 329, Page 376, Leather, Sole, 30/ and 5% Weight 34c.	635
1921	2 00	166	34	488
1922	1 00	66	34	194
1923	0 76	41	34	121
1924	0 85	51	34	150
Oil Cake—				
1919	1 00	81	19	426
1920	0 65	46	19	242
1921	0 32	13	19	68
1922	0 20	1	19	5
1923	0 19	0	19	0
1924	0 19	0	19	0
Peas, Split—				
1919–1920	1 00	79	21 Page 317, Peas, Split, 2c. over Flour rate 1913.	376
1921	0 50	29	21	138
1922	0 75	54	21	257
1923	0 50	29	21	138
1924	0 50	29	21	138

LIST No. 2—*Concluded*

——	Rate	Increase	Rate, 1913	Percentage Increase
	$ cts.			%
Soap and Soap Stock in Brls.—				
1919–1920	1 00	75½	24½ Page 317, 24½c. 1913	308
1921	0 75	50½	24½	206
1922	0 45	20½	24½	84
1923	0 40	15½	24½	63
1924	0 50	25½	24½	104
Woodpulp Cases—				
1919–1920	1 00	80	20 5th Class Page 315, 20c. per 100	400
1921–1922	0 75	55	20	275
1923	0 40	20	20	100
1924	0 50	30	20	150
Tires, Rubber, per cu. ft.—				
1919–1920	0 50	34	16 Tires 9th Class, Page 315, 25/ and 5%, 16c. per cu. ft.	213
1921	0 45	29	16	181
1922	0 40	24	16	150
1923	0 20	4	16	25
1924	0 25	9	16	56
Tobacco, Leaf, in hogsheads including warehouse delivery—				
1919	2 00	163	37 Page 318, 37c. per 100	441
1920	1 50	113	37	305
1921	1 00	63	37	170
1922	0 80	43	37	116
1923	0 50	13	37	35
1924	0 65	28	37	76
Tobacco, Manufactured in cases—				
1919–1920	0 50	36	14 Class 7, Page 315, 22/6 and 5%, 14c. per cu. ft.	257
1921–1922	0 50	26	14	186
1923	0 30	16	14	114
1924	0 40	26	14	186

EXTRACT FROM COMMODITY LISTS 10-20 JAN. 9, 1920—OCT. 8, 1922. "COMMODITIES NOT ENUMERATED TAKE RATE OF"

EXHIBIT NO. 24

Organs	Page	Cents per 100 lbs.	Cents per cubic feet	—
1920				
Jan. 9	454	100	50	Commodity List No. 10
Mar. 3	460	100	50	" " 11
Mar. 16	468	100	50	" " 12
May 7	488	100	50	" " 13
Oct. 8	508	100	50	" " 14
1921				
Jan. 12	517	100	50	" " 15
Feb. 9	532	75	40	" " 16
April 14	553	85	45	" " 17
July 9	594	85	45	" " 18
Dec. 28	639	75	40	" " 19
1922				
May 26	680	75	40	" " 20
ORGANS—House, Complete				
Oct. 19	740	.....	25	" " 21
1923				
Mar. 10	774	.....	25	" " 22
June 27	809	.....	25	" " 23
Nov. 10	826	.....	25	" " 24
Dec.	862	.....	30	" " 25
1924				
May 27	900	.....	30	" " 26
Sept. 30	929	.....	30	" " 27

ORGANS

Organ, House	Per cubic feet rate	Increase	Rate, 1913	Percentage Increase
1919, 1920	50	42	8	525
1921	45	37	8	463
1922	40	32	8	400
1923	25	17	8	213
1924	30	22	8	275

EXHIBIT No. 89

TRANSATLANTIC LINER SAILINGS

BOSTON 1894

Steamer	Line	Net Registered Tonnage	Number Arrivals	Total
Angloman		3,082	10	30,820
British Empire		1,971	9	17,739
Borderer			8	
Bostonian		2,925	10	29,250
British Queen		2,838	8	22,704
Buffalo		2,909	5	14,545
Bothnia	Cunard	2,923	3	8,769
Buenos Ayrean		2,560	1	2,560
Bretwalda		1,902	1	1,902
Cambroman		3,100	11	34,100
Columbian		3,323	11	36,553
Colorado		2,787	3	8,361
Cephalonia	Cunard	3,490	10	34,900
Catalonia	Cunard	3,093	9	27,837
Carthiginian		2,755	2	5,510
Carlisle City		1,910	5	9,550
Carlisle City		1,910	1	1,910
Durham City		2,037	6	12,222
Feliciana		1,928	1	1,928
Francisco		2,992	8	23,936
Farrington		2,672	1	2,672
Georgian		3,318	11	36,498
Galileo		2,011	5	10,055
Gallia	Cunard	2,898	3	8,694
Hirberbian		1,888	1	1,888
Kansas		3,455	10	34,550
Lake Ontario		2,781	3	8,343
Lake Superior		2,914	2	5,828
Lancastrian		3,348	10	33,480
Lake Nepigone		1,408	1	1,408
Lake Winnipeg		2,157	2	4,314
Michigan		3,212	10	32,120
Milanese		1,635	2	3,270
Mentmore		2,231	1	2,231
Martello		2,439	1	2,439
Meimac		1,621	2	3,242
Meimac		1,621	1	1,621
Norseman		2,876	10	28,760
Nessmore		2,216	8	17,728
Nestorian		1,719	2	3,438
O'homan		3,051	7	21,357
Oranmore		2,215	8	17,720
Ottoman		3,093	4	12,372
Pavonia	Cunard	3,490	10	34,900
Palestine		2,128	5	10,640
Philadelphian		3,349	10	33,490
Pomeranian		2,795	2	5,590
Prussian		1,940	5	9,700
Parkmore		2,161	1	2,161
Ripon City		1,384	1	1,384
Roman		2,827	10	28,270
Sagamore		3,293	10	32,930
Sarmatian		2,504	3	7,512
Sachem		3,337	10	33,370
Stockholm City		1,759	3	5,277
Sydenholm City		1,544	1	1,544
Scandinavian		1,967	6	11,802
Scythia	Cunard	2,907	4	11,628
St. Ronans		2,916	5	14,580
St. Ronans		2,916	1	2,916
Tynedale		1,391	1	1,391
Venetian		2,672	7	18,704
Virginian		2,636	4	10,544
			326	897,457

TRANSATLANTIC LINER SAILINGS

BOSTON 1902

Steamer	Line	Net Registered Tonnage	Number Arrivals	Total
Anglian	Leyland	3,613	9	32,517
Austrian		1,638	5	8,190
Armenian		5,754	5	28,770
Adra		1,804	1	1,804
Bostonian	Leyland	3,030	9	27,270
Buffalo		2,909	2	5,818
Buenos Ayrean		2,648	2	5,296
Brazilian		1,916	1	1,916
Cestrian	Leyland	5,753	5	28,765
Cambrian	Leyland	3,643	10	36,430
Columbian		3,323	9	29,907
Caledonian	Leyland	3,212	6	19,272
Colorado		2,786	3	8,358
Consuelo		3,960	7	27,720
Corean		2,208	2	4,416
Commonwealth	Dominion	7,707	8	62,656
Chicago		4,135	4	16,540
Devonian	Leyland	6,823	10	68,330
Exeter City		1,408	1	1,408
Englishman		4,708	1	4,708
Hevelva		1,691	1	1,691
Hanoverian		7,707	3	23,121
Irishman		6,158	1	6,158
Iberian	Leyland	3,347	4	13,388
Ivernia	Cunard	9,052	11	99,572
Inchdune		2,636	1	2,636
Iowa		5,361	1	5,361
Ikbal		3,490	1	3,490
Kansas		3,367	7	23,569
Kingstonian		4,207	4	16,828
Lancastrian	Leyland	3,321	6	19,926
Livonian		2,594	2	5,188
Lamelwood		1,595	1	1,595
Merion		7,459	10	74,590
Manxman		3,122	1	3,122
Michigan		3,150	6	18,900
Ottoman		3,010	1	3,010
Philadelphian		3,322	5	16,610
Pomeranian		2,700	3	8,100
Roman		2,848	1	2,848
Sagamore		3,280	10	32,800
Sardinian	Allan	2,788	2	5,576
Sachem	Warren	3,337	10	33,370
Sylvania	Cunard	3,623	8	28,984
Sarmatian	Allan	2,431	1	2,431
Saxonia	Cunard	9,100	8	72,800
Siberian	Allan	2,454	1	2,454
Turcoman		3,683	1	3,683
Toronto		3,949	7	27,643
Ultonia	Cunard	5,748	11	63,228
Virginian		3,166	5	15,830
Vancouver		3,424	1	3,424
Victorian		5,753	2	11,506
Winifredian		6,816	5	34,080
			242	1,106,503

TRANSATLANTIC LINER SAILINGS, BOSTON, 1924

BOSTON

Steamer	Line	Net Registered Tonnage	Number Arrivals	Totals
Ausonia	Cunard	8,527	3	25,581
Barbadian	Leyland	3,266	3	9,798
Blair	Oriole	3,070	1	3,070
Barrymore	Furness	4,179	2	8,358
Caledonian	Leyland	3,210	2	6,420
Colonian	Leyland	4,230	2	8,460
Chichasaw	U S S B	3,023	2	6,046
Conchatta	U S S B	3,452	1	3,452
Canadian Cruiser	Patterson Wylde Co	4,413	1	4,413
Canadian Constructor	Patterson Wylde Co	4,413	1	4,413
Capulin	U S S B	3,407	4	13,628
City of Flint	U S S B	3,033	1	3,033
Columbia	Anchor	4,222	1	4,222
Coracero	Cunard	5,274	1	5,274
Darian	Leyland	4,065	4	16,260
Daytonian	Leyland	4,066	6	24,396
Digby	Furness	2,150	3	6,480
Davisian	Leyland	4,065	6	24,390
Devonian	Leyland	7,693	6	46,258
Deer Lodge	U S S B	3,903	3	11,709
Delilian	Leyland	4,064	1	4,064
Fluor Spar	U S S B	3,434	3	10,302
Galtymore	Furness	2,802	7	19,614
Gracia	Anchor Donaldson	3,537	1	3,537
Hoosac	Furness	4,153	3	12,459
London Corporation	Furness	4,153	1	4,153
Lehigh	U S S B	3,127	3	9,381
Mississippi	Leyland	2,936	4	11,744
Maryland	Leyland	2,962	4	11,848
Mercian	Leyland	4,066	1	4,066
Mahana	Leyland	7,509	1	7,509
Menominee	Leyland	4,441	2	8,882
Missouri	Leyland	2,949	1	2,949
Nitonian	Leyland	4,066	1	4,066
Nevisian	Leyland	4,097	1	4,097
Nortonian	Leyland	4,097	1	4,097
Norwegian	Leyland	4,018	1	4,018
Nessian	Leyland	4,012	1	4,012
Novian	Leyland	4,096	2	8,192
Nubian	Leyland	4,067	2	8,134
Port Sydney	Cunard	5,835	1	5,835
Port Hunter	Cunard	5,296	1	5,296
Rexmore	Furness	4,134	2	8,268
Sagaporack	U S S B	3,101	4	12,404
Sachem	Furness	3,429	5	17,145
Schoharie	U S S B	3,070	1	3,070
Scythia	Cunard	11,938	7	83,566
Samaria	Cunard	11,868	6	71,196
Savannah	Furness	3,214	2	6,428
Vellavia	Cunard	3,195	1	3,195
Verentia	Cunard	3,152	1	3,152
Virgilia	Cunard	3,619	1	3,619
Vasconia	Cunard	3,613	3	10,839
Verbania	Cunard	3,180	1	3,180
Valemore	Furness	4,196	2	8,392
Winifredian	Leyland	6,812	6	40,872
Welshman	Leyland	3,670	1	3,670
West Quechee	U S S B	3,539	5	17,695
West Cobalt	U S S B	3,552	2	7,104
West Celina	U S S B	3,838	3	11,514
West Cohas	U S S B	3,465	4	13,860
West Nosska	U S S B	3,438	4	13,752
West Lake	U S S B	4,101	3	12,303
West Madaket	U S S B	4,679	1	4,679
Waiwera	U S S B	3,775	1	3,775
			162	757,494

NOTE.—U S S B services to Liverpool and Manchester maintained by the Oriole Line. To London by the American Merchant Lines.

FROM PORT WARDEN'S RECORDS, MONTREAL—TRANSATLANTIC LINER SAILINGS, MONTREAL

YEAR 1894

Steamer	Line	Net Registered Tonnage	Number Arrivals	Total
Austrion	Allan	1,681	6	10,086
Anvers	McLean Kennedy	1,996	3	5,988
Amarynthia	Donaldson	2,595	5	12,975
Aolona	Thomson	1,194	3	3,582
Assyrian	Allan	2,501	5	12,505
Alcides	Donaldson	2,193	5	10,965
Baumwall	Hamburg Amer	1,865	4	7,460
Baltimore	Wm. Johnstone & Co	2,458	6	14,748
Brazillian	Allan	2,085	5	10,425
Bruxelles	McLean Kennedy	1,847	3	5,541
Buenes Ayrean	Allan	2,560	6	15,360
Bengore Head	McLean Kennedy	1,619	4	6,476
Barrowmore	Wm. Johnstone	2,453	5	12,265
Concordia	Donaldson	1,616	4	6,464
Dominion	Dominion	2,031	6	12,186
Dracona	Thomson	1,198	3	3,594
Dunmore Head	McLean Kennedy	1,447	3	4,341
Escalona	Thomson	1,234	4	4,936
Fremona	Thomson	1,840	5	9,200
Gerona	Thomson	2,025	5	10,125
Greta Holme	McLean Kennedy	1,678	3	5,034
Hestia	Donaldson	2,434	6	14,604
Hibernian	Allan	1,872	4	7,488
Hamilton	Dominion	2,354	5	11,770
Hurona	Thomson	2,150	5	10,750
Lake Huron	Beaver Line	2,576	6	15,456
Lake Ontario	Beaver Line	2,741	6	16,446
Laurention	Allan	2,837	5	14,185
Lake Negion	Beaver Line	1,408	2	2,816
Lake Superior	Beaver Line	2,789	5	13,945
Lake Winnipeg	Beaver Line	2,106	5	10,530
Labrador	Dominion	2,998	5	14,990
Mariposa	Elder-Dempster	3,428	5	17,140
Memphis	Dominion	2,053	5	10,265
Memnon	Elder-Dempster	2,046	2	4,092
Mongolian	Allan	3,136	6	18,816
Merrimac	Elder-Dempster	2,695	3	8,085
Monte Videon	Allan	2,008	5	10,040
Mexico	Dominion	2,055	5	10,275
Numidian	Allan	3,156	5	15,780
Oregon	Dominion	2,373	6	14,238
Parkmore	Wm. Johnstone	2,136	5	10,680
Pickhuben	Hamburg Amer	2,085	3	6,255
Pomeranion	Allan	2,789	6	16,734
Parisian	Allan	3,262	6	19,572
Ripon City	McLean Kennedy	1,384	4	5,536
Rasarian	Allan	2,007	6	12,042
Samaratian	Allan	2,485	6	14,910
Sardinian	Allan	2,517	5	12,585
Sicilia	McLean Kennedy	1,349	1	1,349
Stunhoft	Hamburg Amer	1,809	2	3,618
Sainia	Dominion	2,400	5	12,000
State of Georgia		1,619	5	8,095
Strts of Magellan	McLean Kennedy	1,656	2	3,312
Storm King	Riss Line	2,123	4	8,492
Stubbenhuk	Hamburg Amer	2,231	3	6,693
Toronto	Dominion	2,166	6	12,996
Tritonia	Donaldson	2,719	6	16,314
Texas	Dominion	1,833	1	1,833
Feelin Head	McLean Kennedy	1,070	4	4,280
Virginian	Elder-Dempster	2,636	2	5,272
Vancouver	Dominion	3,400	6	20,400
Warwick	Donaldson	1,648	5	8,240
Wandrahm	Hamburg Amer	1,722	3	5,166
Canadian	Allan	1,871	2	3,742
Etolia	McLean Kennedy	2,113	2	4,226
Mentmore	Johnston	2,230	1	2,230
Sicilia	James Thom	1,939	1	1,939
			291	654,478

May 7, 1925

FROM PORT WARDEN'S RECORDS, MONTREAL

TRANSATLANTIC LINER SAILINGS, MONTREAL

YEAR 1902

Steamer	Line	Net Registered Tonnage	Number Arrivals	Total
Anatolia	Ellerman	2,490	2	4,980
Alcides	Donaldson	2,181	5	10,905
Alexandrian	F. Leyland & Co	2,899	2	5,798
Austriana	Furness Withy	2,612	1	2,612
Ashanti	Elder Dempster	2,186	1	2,186
Bellona	Thomson	1,864	4	7,456
Brazilian	Allan	1,916	5	9,580
Belgian	Ellerman	2,364	3	7,092
Bray Head	McLean Kennedy	2,020	1	2,020
Bavarian	Allan	6,725	1	6,725
Cervona	Thomson	2,372	5	11,860
City of Bombay	Ellerman	2,941	1	2,941
Concordia	Donaldson	1,617	4	6,468
Corrigan Head	McLean Kennedy	2,717	1	2,717
Corinthian	Allan	4,018	3	12,054
Dunmore Head	McLean Kennedy	1,458	3	4,374
Dominion	Dominion	4,251	2	8,502
Devona	Thomson	2,372	4	9,488
Escalona	Thomson	1,175	3	3,525
Fremona	Thomson	1,876	5	9,380
Frisia	Furness Withy	2,412	4	9,648
Gulf of Ancud	Furness Withy	1,699	2	3,398
Hurona	Thomson	2,150	5	10,750
Hestia	Donaldson	2,434	1	2,434
Inishowen Head	McLean Kennedy	1,988	4	7,952
Inkum	Furness Withy	3,074	2	6,148
Ionian	Allan	5,337	1	5,337
Iona	Thomson	2,085	5	10,425
Indiana	Furness Withy	2,508	3	7,524
Kildona	Thomson	2,349	4	9,396
Kastalia	Donaldson	2,562	5	12,810
Lake Simcoe	Elder Dempster	2,864	5	14,320
Lake Manitoba	Elder Dempster	5,705	3	17,115
Lakonia	Donaldson	3,046	5	15,230
Ivonian	Allan	2,593	1	2,593
Iycia	Elder Dempster	2,117	5	10,585
Lake Champlain	Elder Dempster	4,687	6	28,122
Lord Charlemont	Lord Line	2,059	2	4,118
Loango	Elder Dempster	1,933	2	3,866
Lake Ontario	Elder Dempster	2,741	6	16,446
Lorne		2,010	1	2,010
Lake Megantic	Elder Dempster	3,243	5	16,215
Lake Erie	Elder Dempster	4,814	4	19,256
Malin Head	McLean Kennedy	2,227	3	6,681
Monte Videan	Allan	1,861	6	11,166
Manchester Commerce	Furness Withy	3,444	6	20,664
Memnon	Elder Dempster	2,046	5	10,230
Marina	Donaldson	3,322	6	19,932
Montcalm	Elder Dempster	3,508	5	17,540
Manchester Shipper	Franco Canadian	2,542	3	7,626
Manxman	Dominion	3,122	6	18,732
Manchester City	Furness Withy	3,727	5	18,635
Montfort	Elder Dempster	4,631	6	27,786
Manchester Importer	Furness Withy	2,538	4	10,152
Monteagle	Elder Dempster	3,492	4	13,968
Mexicon	Ellerman	2,728	3	8,184
Milwaukee	Elder Dempster	4,784	3	14,352
Melville	Elder Dempster	2,838	3	8,514
Mongolian	Allan Line	3,088	2	6,176
Montezuma	Elder Dempster	4,734	2	9,468
Monterey	Elder Dempster	3,489	3	10,467
Montreal	Elder Dempster	4,454	2	8,908
Monmouth	Elder Dempster	2,569	1	2,569
Numidian	Allan Line	3,107	4	12,428
Norwegian	Allan	2,252	2	4,504
Orcadian	Allan	2,232	5	11,160
Ontarian	Allan	2,779	3	8,337

TRANSATLANTIC LINER SAILINGS, MONTREAL—*Concluded*

Steamer	Line	Net Registered Tonnage	Number Arrivals	Total
Odonian	Dominion	3,010	3	9,030
Parisian	Allan	3,385	6	20,310
Pretorian	Allan	3,910	6	23,460
Pomeranian	Allan	2,699	5	13,495
Potomac	Furness Withy	2,355	3	7,065
Polaria	Furness Withy	1,976	1	1,976
Philadelphian	Ellerman	3,322	1	3,322
Roman	Dominion	2,848	7	19,936
Rosarian	Allan	1,860	5	9,300
Roman Head	McLean Kennedy	2,913	4	11,652
Rodney	Can. Fwdg. & Exp. Co.	2,239	2	4,478
Rathlin Head	McLean Kennedy	4,368	2	8,736
Sarmatian	Allan	2,430	6	14,580
Sardonian	Allan	2,788	3	8,364
Sicilian	Allan	3,970	4	15,880
Skuld	Can. Fwdg. & Exp. Co.	1,698	2	3,396
Tunisian	Allan	6,802	6	40,812
Tiger	Can. Fwdg. & Exp. Co.	2,116	4	8,464
Tritonia	Donaldson	2,720	5	13,600
Teutonia	Furness Withy Co	1,962	4	7,848
Torr Head	McLean Kennedy	3,868	1	3,868
Virginian	Ellerman	3,166	1	3,166
Westphalia	Furness Withy	1,976	4	7,904
Yomba	Elder Dempster	1,937	2	3,874
Yola	Elder Dempster	2,246	1	2,246
			317	921,302

May 7, 1925

FROM PORT WARDEN'S RECORDS, MONTREAL

TRANSATLANTIC LINER SAILINGS, MONTREAL

YEAR 1924

Steamer	Line	Net Registered Tonnage	Number Arrivals	Total Tonnage
Andania	Cunard	8,391	6	50,346
Antonia	"	8,445	6	50,670
Ariano	Furness Withy	3,124	4	12,496
Ausonia	Cunard	8,527	6	51,162
Athenia	Anchor-Donaldson	8,118	8	64,944
Atholl	New Zealand Shipping	3,031	1	3,031
Arkansas	Scandivanian Amer	2,303	2	4,606
Austerlind	New Zealand Shipping	2,733	1	2,733
Alconda	Cunard Steam Ship Co.	2,695	1	2,695
Botsford	Canadian Pacific Steamships	2,905	5	14,523
Bothwell	" "	4,095	5	20,465
Bosworth	" "	4,139	4	16,556
Bolingbroke	" "	4,145	4	16,580
Brand County	Intercontinental Transports.	3,130	5	15,650
Bawtry	Canadian Pacific S. S.	4,228	2	8,456
Berwyn	" "	3,058	4	12,232
Brecon	" "	4,157	4	16,628
Brandon	" "	4,154	5	20,770
Borden	" "	3,042	2	6,084
Balfour	" "	3,187	5	15,935
Buteshie	Cunard Steam Ship Co., Ltd.	4,162	3	12,486
Canadian Britisher	Canadian Govt. M. M.	3,244	1	3,244
Canadian Carrier	" "	1,909	4	7,636
Canadian Challenger	" "	3,331	1	3,331

May 7, 1925

FROM PORT WARDEN'S RECORDS, MONTREAL

TRANSATLANTIC LINER SAILINGS, MONTREAL

YEAR 1924

Steamer	Line	Net Registered Tonnage	Number Arrivals	Total Tonnage
Canadian Commander	" "	3,340	4	13,360
Canadian Conqueror	" "	3,336	4	13,344
Canadian Constructor	" "	4,413	2	8,826
Canadian Cruiser	" "	4,413	2	8,826
Canadian Explorer	" "	3,321	4	13,284
Canadian Fisher	" "	2,200	5	11,000
Canadian Forester	" "	2,192	5	10,960
Canadian Inventor	" "	3,384	3	10,152
Canadian Leader	" "	3,340	3	10,020
Canadian Mariner	" "	3,333	4	13,332
Canadian Miller	" "	3,336	1	3,336
Canadian Navigator	" "	1,929	4	7,716
Canadian Otter	" "	1,887	4	7,548
Canadian Pioneer	" "	3,549	3	10,647
Canadian Ranger	" "	3,551	3	10,653
Canadian Runner	" "	1,812	4	7,248
Canadian Scottish	" "	3,242	1	3,242
Canadian Seigneur	" "	3,554	2	7,108
Canadian Spinner	" "	3,331	1	3,331
Canadian Squatter	" "	1,900	3	5,700
Canadian Victor	" "	3,340	4	13,360
Canadian Winner	" "	3,357	1	3,357
Canadian Traveller	" "	3,361	1	3,361
Cabotia	Anchor-Donaldson Line.	3,122	5	15,610
Cairndhu	Thomson	3,218	3	9,654
Cairngowan	"	3,257	3	9,771
Cairnmona	"	3,700	5	18,500
Cairnross	"	3,262	6	19,572
Cairnavon	"	3,171	2	6,342
Cairnvalona	"	2,937	5	14,685
Carrigan Head	McLean Kennedy	2,715	2	5,430
Calgary	Elder Dempster	4,486	1	4,486
Cassandra	Anchor-Donaldson	5,221	5	26,105
Canada	White Star f	5,981	8	47,848
Caledonian	"	3,210	4	12,840
Cornish Point	Furness Withy	2,706	2	5,412
Cornishman	White Star	3,677	5	18,385
Concordia	Anchor-Donaldson	3,418	5	17,090
Cominoo	Furniss Withy	2,932	4	11,728
Colonian	White Star	4,230	5	21,150
Coracero	Cunard Steam Ship Co., Ltd.	4,533	3	13,599
Cairntorr	Thomson	3,206	5	16,030
Cochrane	Elder Dempster	4,485	2	8,970
Calumet	"	4,462	1	4,462
City of Exeter	White Star	6,022	1	6,022
Cederic	Intercontinental Trans.	3,061	4	12,244
Cariboo	Elder Dempster	4,463	1	4,463
Dunoff Head	Head Line	3,278	1	3,278
Doric	White Star	9,870	8	78,960
Delaware	Scandinavian American	1,538	2	3,076
Essex County	Intercontinental Trans.	2,828	4	11,312
Fanad Head	Head Line	3,285	3	9,855
Grey County	Intercontinental Trans.	2,967	5	14,835
Gracia	Cunard Steam Ship Co., Ltd.	3,537	7	24,759
Gunnar Heiberg	Intercontinental Trans.	1,550	1	1,550
Halesius	Houston Line	2,903	1	2,930
Hastings County	Intercontinental Trans.	2,595	5	12,975
Hypatia	Houston Line	3,589	1	3,589
Honorius	"	2,126	1	2,126
Jebba	Elder Dempster	4,278	1	4,278
Kinbone Head	Head Line	3,269	2	6,538
Kastalia	Anchor-Donaldson	2,886	6	17,316
Kentucky	Scandivanian American	1,318	1	1,318
Lisgar County	Intercontinental Trans.	1,805	2	3,610
Lord Antrim	Lord Line	2,754	2	5,508
Lord Downshire	"	3,037	1	3,037
Lord Londonderry	"	3,630	1	3,630

May 7, 1925

FROM PORT WARDEN'S RECORDS, MONTREAL

TRANSATLANTIC LINER SAILINGS, MONTREAL

YEAR 1924

Steamer	Line	Net Registered Tonnage	Number Arrivals	Total Tonnage
Manchester Brigade	Manchester Line	3,771	5	18,855
Manchester Corporation	"	3,479	4	13,916
Manchester Division	"	3,774	4	15,096
Manchester Hero	"	3,672	4	14,688
Manchester Importer	"	2,538	4	10,152
Manchester Producer	"	4,178	4	16,712
Manchester Regiment	"	4.948	4	19,792
Manchester Spinner	"	2,968	1	2,968
Melmore Head	Head Line	3,328	2	6,656
Melita	Canadian Pacific S. S.	8,525	8	68,200
Megantic	White Star	9,183	7	64,281
Metagama	Canadian Pacific S. S.	7,655	5	38,275
Minnedosa	" "	8,521	8	68,168
Manchester Regiment	Furness Withy	4.948	4	19,792
Montcalm	Canadian Pacific S. S.	9,789	8	78,312
Montcalre	" "	9,724	7	68,068
Montrose	" "	9,823	8	78,584
Montreal	" "	5.611	7	39,277
Marburn	" "	6,631	5	33,155
Marloch	" "	6,473	8	51,784
Michigan	White Star	6,118	1	6,118
Monarch	Elder Dempster	4,824	1	4,824
New Mexico	"	4,044	1	4,044
Norefjord	Canadian Pacific S. S.	1,918	2	3,836
Oxonian	White Star	4,123	4	16,492
Porsanger	Intercontinental Trans.	2,613	4	10,452
Parthenia	Anchor-Donaldson	3,063	5	13,315
Regina	White Star	9,874	7	69,118
Regja	Intercontinental Trans.	2,146	4	8,584
Saturnia	Anchor-Donaldson	5,494	7	38,458
Turcoman	White Star	5,683	5	18,415
Valacia	Cunard Steamship Co., Ltd.	4,100	1	4,100
Vellavia	" "	3,195	1	3,195
Verbania	" "	3,180	1	3,180
Verentia	" "	3,152	1	3,152
Virginia	Scandivanian America	2,365	1	2,365
Virgilia	Cunard Steam Ship Co.	3,619	2	7,238
Vardulia	" "	3,613	2	7,226
Vasconia	" "	3,613	3	10,839
Vardulia	" "	3,613	1	3,613
Welshman	White Star	3,670	5	18,350
Welland County	Intercontinental Trans.	2,717	5	13,585
			470	2,177,053

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,
HOUSE OF COMMONS,
THURSDAY, May 28, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 11 o'clock a.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have a quorum and the Committee will please come to order. Have Counsel any applications?

Mr. SYMINGTON, K.C.: Mr. Chairman, I had prepared a comparison of rates and rate increases, which has been presented to the shipping companies' representatives. They have checked and approved the rates. They did not have time to check the percentages, as I understand it, but we are quite prepared to take the responsibility for the percentages. The rates, in any event, are correct, and I think this is information which should be printed in the record, because it is taken from Mr. Marlow's exhibit No. 53, some of the other principal commodities added, and shows what the rates were in 1913, and then from 1919 to 1924, with the increases thereon. I would ask that this be filed and printed in the record. As I say, these figures have all been approved by Mr. Marlow.

The CHAIRMAN: It would appear to me there is no objection, and it would be of very great value to have printed in the record. Am I right, Mr. Montgomery, in thinking there is no objection to this?

Mr. MONTGOMERY, K.C.: I have just seen this for the first time.

Mr. SYMINGTON, K.C.: They have been in the hands of his friends for a week.

EXHIBIT 88: Comparison of rates and rate increases 1913 and 1919 to 1924.

Mr. MONTGOMERY, K.C.: I suppose I can check this over later; in the meantime, it can go in.

The CHAIRMAN: I will order this to be printed.

Mr. SYMINGTON, K.C.: I have also had prepared, sir, a statement of comparisons of westbound rates. The gentleman who was to check this over has not arrived, but it is to be checked and filed this afternoon.

The CHAIRMAN: Just before we begin the examination of witnesses, may I say that Colonel Gear has handed to me six documents; three of them refer to the steamers and their tonnage trading out of Boston—the steamers being trans-Atlantic liners—for the years 1894, 1902, 1924. Similar information concerning the same years of trans-Atlantic liners trading out of the port of Montreal comprise the other three. Colonel Gear has handed me these in response to my inquiry as to the quantity and quality of the services provided in pre-Conference times, Boston as compared to Montreal, in respect to the liner services connected with these two ports. I will put these in, but I do not know whether they should be printed or not.

Hon. Mr. SINCLAIR: Put them all in the record.

The CHAIRMAN: The object of my question was to verify or disprove the contention that without the Conference system regular liner sailings were, if not impossible, less likely to obtain.

Exhibit 89: Comparison of steamers and tonnage between ports of Montreal and Boston to U.K., 1894, 1902, and 1924.

The CHAIRMAN: I think these had better be printed.

Mr. SYMINGTON, K.C.: Mr. Egan, I understand has a few words he wants to say to the Committee.

The CHAIRMAN: Mr. Egan, the Deputy Minister of Immigration and Colonization.

Hon. Mr. STEVENS: Just before that, Mr. Chairman, may I ask Mr. Symington why grain is not shown in this (indicating Exhibit 88)?

Mr. SYMINGTON, K.C.: The rates on grain have all been put in by the other side.

Hon. Mr. STEVENS: Why should not grain be included? You have flour.

Mr. SYMINGTON, K.C.: The grain figures are all in.

Mr. MONTGOMERY, K.C.: That will apply to half the commodities. You might say "the grain is all in," "the cattle are all in," "lumber is all in," etc. That would not be an answer to your question in regard to any commodity. I hope they have not picked out simply the high-class commodities for the purpose of this statement.

Mr. SYMINGTON, K.C.: We took Mr. Marlow's Exhibit 53, which did not show the rates for 1913; it was put in to show the reduction on commodities from 1919 on, and we thought it wise to take the commodities he had selected, although there may be one or two others; I think there are, and put in the 1913 rates, so as to bring that statement in full before the Committee.

WILLIAM JOHN EGAN called and sworn:

By Mr. Symington, K.C.:

Q. Mr. Egan, what is you position?—A. Deputy Minister of Immigration and Colonization.

Q. Now, Mr. Egan, we have had some evidence here with respect to the class of accommodation given to immigrants. Have you a copy of the Immigration Act and Regulations with you?—A. Yes, sir.

Q. Will you kindly produce it?—A. In French or in English?

The CHAIRMAN: I think we would rather have it in English; most of the members of the Committee speak the English tongue, and the French members are so well instructed—

Mr. SYMINGTON, K.C.: May we have this marked as an Exhibit?

The CHAIRMAN: Yes.

Exhibit 90: Immigration Act and Regulations.

By Mr. Symington, K.C.:

Q. Section 59, Mr. Egan, of Exhibit No. 90 deals with the number of passengers per cubic space, does it not?—A. Yes, sir.

Q. Has there been any change in that for some time?—A. No, sir.

Q. I understand that that section is in the revised statutes of 1906?—A. That regulation is the same as chapter 93, section 11 of the Revised Statutes of Canada of 1906.

Q. So that, so far as the Immigration Act is concerned, there have been no changes in the Canadian Act from 1906 to date with respect to these requirements?—A. None.

By Hon. Mr. Stevens:

Q. To what does this refer?—A. Accommodations on board ships for the third-class passengers.

Hon. Mr. STEVENS: Dealing with accommodations?

Mr. SYMINGTON, K.C.: Dealing with accommodations only.

By Mr. Symington, K.C.:

Q. Apart from the Act, has there been any change in the regulations dealing with accommodations?—A. I am not familiar with them, but there are, of course, on the part of the British Government.

Q. I mean the Canadian Regulations?—A. Any other changes?

Q. Yes, with respect to accommodations?—A. None.

Q. Outside of the Act?—A. None.

Q. Now, Mr. Egan, some evidence has been given, with respect to the movement to Australia as opposed to the movement to Canada. I think you wanted to say something about that?—A. I will be very glad to say anything, if you want any information on it.

Q. The information was given to this Committee that apparently the United Kingdom immigration was going to Australia and not to Canada. Has that any connection with ocean rates? That is all I am interested in.—A. Well, as a matter of fact, there is much more British immigration to Canada, and always has been, than to Australia or New Zealand.

Q. Even today?—A. I would only speak of the figures of which I know, up to 1924.

Q. Including 1924?—A. Including 1924, up to the end of December, 1924, the calendar year. The total immigration from the United Kingdom to Canada in 1924 was 63,016, and to Australia, 38,599; but of the Australian immigration, 25,117 were assisted passage, whereas out of the 63,016 to Canada, 6,261 were assisted passage; therefore, you see that a great many more people from the United Kingdom pay their own fare, and are not assisted in any way, but have made their own way towards Canada. That is the history right back as far as we go. There may be one exception, immediately after the war, when we stopped everything here.

Q. What do you mean by "assisted passage"?—A. Coming under the Empire Settlement Scheme. For instance, take the Britisher going under the Empire Settlement Scheme to Canada; may I point this out, that as far as we are concerned, the assisted passage is for the agriculturist, the farm labourer, the farmer or the domestic only, whereas New Zealand, and more particularly Australia, spread it out over a greater range of occupations. Going to New Zealand, the Imperial Outright Grant is £11; the New Zealand Government Outright Grant is £11, and the migrant must pay £11, that is, married couples with or without children. In the case of a domestic, the Imperial Government gives outright a grant on the passage of £11, and the New Zealand Government gives £22; the domestic does not pay any fare. We here, under the Empire Settlement Scheme, loan the fare to the domestic and to the farm-labourer, the prospective farm-owner, or actual farm-owner, if he wishes to take the Empire Settlement Scheme Loan. The only gift—if I may call it a gift—in connection with the Empire Settlement Scheme is a £6 rebate off the repayment to the domestic who accepts and remains at domestic work in the country districts, that is, on the farms; outside of that they pay us everything; in the other cases it is handed to them. I may say that approximately 57,000 people have paid their own way to Canada as immigrants as against, roughly speaking, 13,000 to Australia.

Q. Now, Mr. Egan, from your experience, have you anything to say about the effect of the cheaper immigrant rate to Canada?—A. I did read the evidence

given by Colonel Maughan, and what I may have to say in respect to that practically backs up what he asserts, and in my opinion there is no question about it, but that the cheaper rate will bring you an increased immigration. We have only to go back to 1923 when the shipping companies gave us on the harvester proposition a rate of $60 to Winnipeg from England, and they had no difficulty in securing, I think it was—and I am speaking only from memory—12,000 people, and I think with all due respect to any who may be speaking about their not having the money, if the occasion presented itself and we asked the Old Country to supply us with 20,000 this year on the $60 fare to Winnipeg, we would have no trouble in getting them, even with our restrictions. They are called "restrictions", but they are really selections, and when I speak of these particular restrictions or selections, I would like to deal with that a little later on, if you care to hear from me. What I mean to convey at the moment is that our selections would be of such a nature on a harvester proposition of that kind, or the requirements for a number of people of that kind, that we would not have the same after-results as were in evidence to a certain extent on the last harvester movement from the United Kingdom.

Q. Do I understand from that, that it is your opinion that a cheaper immigrant rate would bring more immigrants?—A. Yes, undoubtedly, but it will certainly back up everything Colonel Maughan says, that if he had a constant traffic—if he were loaded—he could see his way to come to a lower price.

Q. But, as I understand the evidence, the reduction from $80 down to $60 would produce no apparent result, because this assisted scheme had not produced that result?—A. In my opinion the assisted passage scheme which is devoted to the farming end of it brought us more farmers last year than would have come under ordinary circumstances. There is no question but that there was more trade for the shipping companies last year on account of that. That is my opinion, and the proof of it is that this year with the rates higher and a fair demand for help of that kind, the bookings are not nearly so large from the United Kingdom.

Q. Now, you said you wanted to say something about the permit system; do you remember the evidence we had, when it was said that there was something about 25 per cent of a throwback, coming cap in hand to the department. What do you want to say about that?—A. I think first off I will deal with the permits. I think that this permit proposition ought to be explained to the Committee. We do not exact this permit; it is a certain condition which has grown up since the end of the war, certain continental countries having had certain experiences, and they wanted some sort of a document before issuing a passport which would assure them that their nationals were coming to an assured occupation, that they were coming to something which would give them a fighting chance of making good. Their reason for that was due to their bitter experience for, say, two years after the war, so many of their people being returned to them broke. The necessity for that brought a request on the part of the shipping companies for some form of document, an affidavit of some kind it developed into first, which would be handed to the passenger, so that he might without delay, or as little delay as possible, secure his passport from his government. There were some fifty different types of those papers in the first year of our experience, and we found that they proved to be a source of temptation to a great many people, whose greatest interest in life was what they might earn, legitimately or otherwise, rather than Canada, and after several conferences with the shipping interests, with whom we co-operate, we finally drafted a form which has to be filled up by the farmer here desiring farm help, or by the parties desiring domestic help. That applies to certain countries. I read Col. Maughan's evidence in regard to the return of 25 per cent of these applications, and may I say that if he was speaking of his own company he was a little uncharitable to them, because

in my estimation not 10 per cent of the applications that came through his company and recognized by us were thrown back, because they were practically all genuine. If he was speaking of his own immediate environment in shipping circles, who confer with us from time to time, well, he was charitable to them when he said we turned back 25 per cent, and if he was speaking of the shipping interests generally, his mantle of charity would spread far enough to nearly cover the world, when he said we rejected 25 per cent only because, as a matter of fact, owing to the peculiar methods of sub-agents and others interested in emigration and what they can make from it, we had thousands of cases we had to reject at first. I may say that that was more or less common, not to any particular line. We found the great majority of cases to be genuine, to a certain extent, and we did not lose nearly as much as 25 per cent. On the other hand, in some instances they were thrown back by thousands, and I think it is only fair to the department that I should give you one or two examples and more if you wish, why we have had to make these investigations, followed by these rejections. Here is a case—I will not give you the name of the Canadian citizen who signed the document; in our investigation we found that the emigrant on the other side was physically defective. I may say that the most of these applications at the beginning were to bring men with farming experience, while we found that the immigrants were really not fitted for that work, and were such that most countries on the European continent would be glad to get rid of.

We had an application by a Canadian citizen for a native of Jugo Slovakia to come and work for him as a farm hand. We found that the proposed emigrant was defective, that his right hand was injured, that one finger was gone, and that the back of his hand was bent. The investigation in Canada shows that he himself stated that he owned no land (that is, the applicant) that he never made the application, that someone must have forged his name, and that he is a labourer himself and not in good circumstances.

Let me cite another case, an application to bring in an immigrant; our investigation shows, based on the report of the parish priest and the chief of police that the applicant was no farmer, that he kept a gambling and illicit liquor house and so forth.

In another case the investigator was told that the man assigned to him was brought here to oblige a friend in Buffalo, that the man was a restaurant owner, consequently the man was not needed at all, and that he was not suitable for farm work in Canada. I might go on and give you these by the thousands, but these are a few of the examples which came to our attention.

There is also the allegation that they are being delayed considerably. We did keep or get what was practically a blacklist. We know from certain sources that they are very seldom legitimate applications, and we do not at once reject those in which we think there is a necessity for investigation, so that that explanation will cover the necessity for these investigations and why these permits are created.

I would like to say as to the remarks made by the Chairman about their coming to us cap in hand, that those remarks really upset me considerably.

The CHAIRMAN: I am sorry for that, Mr. Egan.

The WITNESS: We ask no man and expect no man to come to us cap in hand, but we do find that the applications are supported by gentlemen learned-in-the-law, that they have come to me asking me to kindly bend the law for a certain reason, although they have never asked me to break it, and if they come in and tell me that my future is at stake, and that something else is going to happen to me unless I grant it, I may say that the man who approaches me from any humanitarian standpoint must of necessity get consideration, but I never hope to create in this country any Uriah Heep atmosphere—I am sorry if the men who know the law backwards feel that because they are asking me

to bend the law on certain occasions they are going to come cap in hand; we do not expect it, we do not want it, and we will do everything we can to assist, but in a proper way.

The CHAIRMAN: I think I might perhaps interject something here, that is, that my remarks had no personal application to the gentleman who acts as Deputy Minister of Immigration and Colonization. The expression "cap in hand" was meant to signify that although this country is, in my humble opinion, very much in need of new citizens, that the restrictions for which the Deputy Minister is not at all responsible—his duty merely being to carry out the law as it is—are such that applications have to be made for permission to facilitate the entry of people to this country who in my personal opinion should be allowed to come in without let or hindrance. I am sorry if the Deputy Minister took any personal application out of my words, because they were not so intended.

Hon. Mr. STEVENS: The illustrations given indicate to me great care on the part of the Department.

The CHAIRMAN: Certainly. They have to be careful. There is no question about care being exercised. I am merely expressing my own view, that people must not be allowed to come in who are morally unfit, physically unfit, or mentally unsound. Apart from that, my opinion would be that very free access should be given to people who want to make a fresh start in this country. I think that is the way the United States was built up.

The WITNESS: May I express an opinion as to the remark that has just been made about the United States being built up, the opinion of one who knows the continent pretty well. When you mention the United States under these circumstances, yes, but we are talking to-day of a European Continent with a different mentality, and which is as yet a Devil's brood, and any kind of an open door proposition from the continent, without selection, would bring you not even the skim but the scum, which they do not want, and which would be disastrous to us, in my opinion.

By Mr. Symington, K.C.:

Q. Is there anything else you want to say, Mr. Egan?—A. No, sir. I did not particularly wish to come at all.

The CHAIRMAN: I am sure we are very much obliged to you, Mr. Egan.

By Mr. Montgomery, K.C.:

Q. I just have a few questions to ask of Mr. Egan.

Mr. RINFRET: May I interject, before Mr. Montgomery starts? The witness told Mr. Symington that in his opinion if the rates were lowered we would get more immigrants for Canada. The point was not exactly that. Perhaps the witness would tell us whether in his opinion if the rates were lowered, with not so good a service, he still thinks we would get more immigrants?

The WITNESS: Our total immigration outside of Great Britain is more or less guided by conditions in Canada in regard to farm help. This law which I have to administer tells me that certain people come for certain purposes only from foreign countries.

Q. But you just said that a lower rate would attract more immigrants to this country; are you of opinion that the immigrants would come at the lower rate, even if they did not get as good a service as on a liner? That point was raised a couple of days ago.—A. I sometimes feel as if what is exacted from the shipping companies, and which is called competition in service, is altogether beyond what is actually required for 75 per cent of our immigrants, because our forefathers travelled without it, and got here all right.

By Mr. Symington, K.C.:

Q. To get at it directly, Mr. Egan, is it your opinion that a lower rate, with a less expensive accommodation and service, would produce more immigrants? Is that your opinion?—A. Yes, a lower rate would be bound to produce more immigrants.

Q. Even if the service were not of the class that the competition seems to force?—A. I believe if we could approach anything along the line suggested by Col. Maughan the other day, instead of having three or four months' traffic, which is all we can use, because we do not believe in bringing people in here in December for farm work—if that time were extended for a further period, or if the accommodation was extended over the four months period, it could be done very much chaper.

By Mr. Montgomery, K.C.:

Q. I did not quite catch the import of that answer, Mr. Egan; is it your suggestion that there should be a lower rate for the rush movement during the four months, or something of that sort?—A. No, but I do feel that even with the accommodation which is in evidence to-day, and which the shipping companies say is required, although personally I do not agree with that, and I do not think that the higher fare to-day is on account of that accommodation, that it may be on account of the shortage of people during a certain period, but that the higher service is in evidence to-day owing to other circumstances.

Q. You are aware, are you not, that the improvement in the accommodation is equal whether they are coming to this country, Montreal for instance, or to American ports?—A. That improvement was in evidence last year and the year before, and if the American quota laws had not come into force and caused a shortage of traffic, we would not have had this condition. It is on account of that shortage largely; at least that is my opinion.

Q. Whatever the reasons may be, there has been a decided falling off in immigration to Canada, comparing the last few years with pre-war years?—A. Yes.

Q. And that is not only from the other side of the water, where ocean rates are involved, but also from countries like the United States?—A. Yes.

Q. So that we have a condition which must be common to all sources of immigration, whatever that condition may be?—A. Yes, but these conditions can always be explained. I know this is not an investigation of the Immigration Department, but as to immigration: in the United States end of it, of a necessity you have had that falling off, because the father of a family living in the United States, owing a farm there, could not sell his farm or realize in such a way or at such a time at any time in the last three or four years so that he could come to this country and bring his family with him. But that condition is changed, and we are having a greater immigration to-day. I do not think the decrease in our accommodation is the ground for the falling off, not a particle.

Q. Will you agree with me that any falling off in immigration is not due to ocean rates alone?—A. No.

Q. Nor would you even say that it is the principal factor?—A. No. We cannot assimilate the number of people we get; we have no railways to build; we have nothing to give a man a chance to start on. There are a dozen reasons for it, but you do not want me to go into them all.

Q. The root of the matter is, you have to have employment for these men before you can bring them here?—A. That is it.

Q. Or provide work for them before they actually come over?—A. Yes. Conditions on the continent have brought that about.

Q. That harvester movement you spoke about was really a special movement?—A. Yes.

Q. They were practically guaranteed employment?—A. Yes.

Q. I suppose the opportunity of coming out under those special conditions was very attractive to people who wanted a jaunt, to come and see the world?—A. Yes.

Q. So that it would be unfair to take that as a typical illustration?—A. Except that it shows the preparedness to move if you can move them at the right prices. For instance, I have noticed a store, the highest priced store in this city has been closed up for three days for special attractions, and I had to walk around two or three blocks to get in.

Q. And you can compare that movement to a bargain sale?—A. Yes.

Q. You guaranteed to take them back at a special rate?—A. Which shows that a cheap rate will bring the people.

Q. But they would like to get back again?—A. We hope from the way we are handling them now that they will have no desire to return.

Q. I am referring to the special farmer movement?—A. Yes, a lot took advantage of it.

Q. A cheap fare out and a cheap fare back?—A. Yes.

Q. And with something like a cheap movement over the rails in our own country?—A. Yes.

Q. They wished to have a trip, see the world, and go back again?—A. Well, we kept 8 thousand of them, Mr. Montgomery.

By Hon. Mr. Stevens:

Q. Eight thousand out of how many?—A. Twelve thousand.

The CHAIRMAN: That was very good indeed. I think you are to be congratulated.

By Mr. Montgomery, K.C.:

Q. Last year there were certain special inducements given, were there not, to United Kingdom immigrants?—A. Yes, sir, coming from the United Kingdom only.

Q. I think on the Steamships side they gave a special reduction of $15 a head, did they not?—A. Yes, sir.

Q. Thereby reducing the fare from $75 to $60?—A. Yes.

Q. Do you know what the result was, comparing years?—A. I do not know that I have them. Do you mean, compared to the previous year?

Q. Yes.—A. I think perhaps I can find that for you. Yes, I have it here in one table, 1922, and 1923, the total from the United Kingdom, that is of English, Irish, Scots and Welsh was 34,508. And last year, 72,919.

Q. Give me those figures again, please.—A. 34,508 for the years 1922, and '23. That is one year. And for the same period, 1923-24, 72,919. An increase of 38,411.

Q. Between 1924 and 1923?—A. Yes.

Q. What are those figures you are giving us?—A. Our figures.

Q. I understand that, but as to what year, ending at what time, calendar year?—A. No, our year, the fiscal year.

Q. When does it end?—A. In March.

Q. The 31st March?—A. Yes.

Q. Are those for the United Kingdom alone?—A. Yes, English, Irish, Scottish and Welsh.

By Mr. Kennedy:

Q. Was that assisted passage for the year 1924?—A. Yes, and early in the season of 1923.

By Mr. Montgomery, K.C.:

Q. Perhaps you will give me the year ending 31st March 1925, that would take in more of the period concerning which we are asking.—A. I am sorry I have not got those figures with me.

Q. That bonus had greater application to that year, had it not, the year ending 31st March, 1925?—A. Yes, I would say it had. It would be from April.

Q. It would not be reflected in the years you have given us?—A. No, but we must take this into consideration; I am convinced positively that that rebate helped to bring us more agriculturalists from the United Kingdom than would have come otherwise.

Q. I wonder if you can help me with this, Mr. Egan. The figure you gave for 1923 was 34,508, was it not?—A. 34,508, that is right.

Q. They are the same figures, I may say for your information, that are found on page 7 of the book Col. Maughan handed in.

By Hon. Mr. Stevens:

Q. Let us get this clear. When did this assisted passage start?

Mr. MONTGOMERY, K.C.: April, 1924.

The WITNESS: Not assisted passage; the rebate.

By Mr. Montgomery, K.C.:

Q. We are speaking of the rebate.—A. Early in 1923.

Hon. Mr. STEVENS: The assisted passage in 1923 and the rebate April, 1924, is that it?

Mr. MONTGOMERY, K.C.: April, 1924.

By Mr. Symington, K.C.:

Q. Did those apply to agriculturalists only?—A. No, the $15 rebate was given to all British immigrants.

By Mr. Montgomery, K.C.:

Q. Then we had 34,508 coming in up to the 31st March, 1923?—A. Yes.

Q. And taking the following year, up to the 31st March, 1924, we had 72,919?—A. Yes.

Q. And that was prior to the steamship companies giving this special reduction?—A. Well, some of it came in, but very little.

Q. My instructions are that it only started from April?—A. The 1st April, I think that is right.

Q. So that none of it would be in that year?—A. Yes, that is right.

Q. I wonder if you could help us with the result after that special reduction had been inaugurated, because the figures I have before me here, accompanied by a footnote saying they have been checked in your department, and I see they tally with the other figures you have given and show for the year ending 31st March, 1925, only 53,178?—A. I think that is approximately right.

Q. So that notwithstanding the reduction in fares, there was a considerable falling off in the immigration from the United Kingdom?—A. Yes, sir, but my point is that that $15 prevented a further falling off.

Q. We will have to speculate as to that I suppose. In any event we agree that there was a falling off and it did not bring about the natural increase one would have expected?—A. In a sense, that is right.

Q. Now in addition to the special bonus or rebate given by the railways, you have spoken of the Empire Settlement Scheme under which Canada really financed the passage out of agricultural labourers?—A. In the form of a loan only, not a gift.

Q. In the form of a loan?—A. Yes.
Q. That was something which did not exist in pre-war days?—A. No.

By Sir Eugene Fiset:

Q. It is since 1918?—A. No, 1923, sir, the assisted passage.
Q. Are you sure of that?—A. I am not quite positive.
Q. I have had some personal experience on that matter, of some who were brought out on that assisted passage scheme, so therefore I think it applied then.—A. My recollection is that we came into the Empire Settlement Scheme —as far as my reading back in the Department when I took charge, under the British Empire Settlement Scheme as I know it now, we were discussing it in 1922 and came to something definite in 1923 and started working then.
Q. There was a prior scheme then?—A. That may be.

By Mr. Montgomery, K.C.:

Q. The information I have is that it came into force in May, 1923, when Canada voted the sum of $600,000 to be pooled with a like amount from the British Government.—A. Yes.
Q. Making $1,200,000 to be devoted to that object.—A. May I explain if you please, because immigration is so much misunderstood at times. I spoke of the assisted passage under the Empire Settlement Scheme, and then someone suggested that we paid or loaned the money. It is really half of it only that we loaned, and the British Government loaned the other half.
Q. That is right. As a matter of fact there was not the demand even for the full amount that had been voted was there?—A. No. Are you referring to the year 1923? If so, no.
Q. I have no instructions as to 1924, perhaps you can tell us?—A. It was $500,000 last year.
Q. But in no case since the Empire Settlement Scheme was voted, has there even been a sufficient demand to take up the amount voted by the two parliaments?—A. No, but you will keep in mind that our Assisted Passage Scheme, or our Empire Settlement Scheme was for the farm labourer and domestic only. The other parts of the empire, although they spread it to several other occupations, still receive a lesser number of people, who pay their own fares to their country of destination.
Q. What immigrants, apart from agriculturalists and domestic servants, are now freely admitted from the United Kingdom?—A. Any United Kingdom man who is physically and mentally fit and can look after himself and is not liable to become a public charge.
Q. Must he have assured employment?—A. Not a Britisher; if he is able to look after himself until he secures it, if he gives us evidence of that kind, he is as welcome as the flowers in May.

By the Chairman:

Q. Does he have to give evidence of that?—A. That is, we ask him a few questions; find out where he is from, what he has in hand, and where he is going.
Q. Does he have to have any stated sum of money, Mr. Egan?—A. No. That is a perfidious game.

By Sir Eugene Fiset:

Q. That applies only to the United Kingdom?—A. Yes, sir.
Q. It does not apply to other countries, to Czecho-Slovakia, for instance? —A. No. It applies to France or to Belgium and to Scandinavian countries.

By Mr. Montgomery, K.C.:

Q. Can a carpenter, plumber, or stonemason, or any one of that sort come in freely, without a job?—A. If he is able to look after himself for some time, yes.

Q. For some time?—A. Yes. But we would stop a stonemason who was coming because he had been advised by the head of certain interests that there was occupation for him at so much per day if he made his way quickly to Canada to a certain district, or something of that kind. We would advise him.

Q. Have you before you P.C. 183?—A. My book is gone. I can give it to you in French.

The CHAIRMAN: It is not quite the same to the committee. P.C., what number?

Mr. MONTGOMERY, K.C.: P.C. 183, Mr. Chairman.

By Mr. Montgomery, K.C.:

Q. You have not an extra copy of the Act, have you?—A. No.

Mr. DUFF: Is not this private correspondence?

Mr. MONTGOMERY, K.C.: It is not private and confidential in any way.

Mr. SYMINGTON, K.C.: Here is a copy, Mr. Montgomery.

By Mr. Montgomery, K.C.:

Q. I will take Mr. Symington's, then. Apparently a restriction was brought into force applicable from a draft of the 15th April, 1923.—A. It was amended in April, 1923, yes.

Q. And by that I see that from and after the 15th April, 1923, until otherwise ordered, the landing in Canada of immigrants of all classes and occupations is hereby prohibited except as hereinafter provided?—A. Yes.

Q. So that we start with a general prohibition, subject to the exceptions which are enumerated and which follow?—A. Yes.

Q. And those exceptions are: 1, a bona fide agriculturist entering Canada to farm and having sufficient means to begin farming in Canada?—A. Yes, sir.

Q. 2, a bona fide farm labourer entering Canada to follow that occupation and having a reasonable assurance of employment?—A. Yes.

Q. 3, a female domestic servant entering Canada to follow that occupation and having reasonable assurance of employment?—A. Yes.

Q. 4, the wife, or child under 18 years of age, of any person legally admitted to and resident in Canada, who is in a position to receive and care for his dependents. 5. Any United States citizen entering Canada from the United States who shall satisfy the immigration officer in charge at the port of entry that he has sufficient means to maintain himself until employment is secured?—A. Yes.

Q. And, 6, any British subject entering Canada, satisfying the immigration officer that he has sufficient means to maintain himself until employment is secured?—A. I have said all that.

Q. All others fall under the general prohibition at the beginning of the regulation?—A. Yes. There are other regulations for them.

By the Chairman:

Q. Under what provision does the man from France or Belgium come in, Mr. Egan?—A. No provision, just a regulation of the department, sir.

Q. Subsequent to P. C. 183?—A. Yes, a regulation not an Order. We have to move at times in the conditions and that is why I hoped that this was not an investigation of the Immigration Department.

By Sir Eugene Fiset:

Q. Are all of these regulations passed by the Order in Council?—A. The regulations? Not all, no sir.

By Mr. Montgomery, K.C.:

Q. As far as the Orders in Council are concerned, that Order in Council that I have just quoted, is the prevailing Order in Council?—A. Yes, sir.

Q. You gave us the immigration to Australia only. Can you conveniently and for the purposes of comparison, combine Australia and New Zealand, as they are combined in Mr. Maughan's memorandum?

The CHAIRMAN: I do not want to limit you in any way, Mr. Montgomery.

Mr. MONTGOMERY, K.C.: I am almost finished, Mr. Chairman, and I would like that figure to compare it.

The WITNESS: I can give you the total to New Zealand, 11,061.

By Mr. Montgomery, K.C.:

Q. And what was the figure you gave us for Australia?—A. 38,599.

Q. What year is that?—A. 1924.

The CHAIRMAN: Making 49,660.

By Mr. Montgomery, K.C.:

Q. Is that the calendar year?—A. Yes, the four quarters of the year.

Q. Because the information Mr. Maughan obtained is somewhat different from that and possibly the years taken may differ; that is the calendar or fiscal year?—A. It may be. Are the figures less or more?

Q. The figures given here are 59,859 for the year 1924?—A. These are the British Government's own figures, and the Overseas Settlement's own figures showing the general movement as well as the special figures of those who came under the assisted or Empire Settlement Act. That Act is 1922, General Fiset. The number from New Zealand taking part in that 1924 movement under the Empire Settlement Act was 7,337.

Q. As a matter of fact, is there any free movement to Canada of immigrants except those of the agricultural class or domestic servants?—A. I did not catch the beginning of your question.

Q. Is there any free movement to Canada except those of the agricultural class or domestic servants?—A. To Canada from the United Kingdom?

Q. Yes, or other colonies?—A. If you take their calendar year, 1924, 63,000 people, and we assisted 6,261 who must of necessity be domestic servants or agricultural labourers. That leaves a fairly big movement in which may be included a great number who came for agricultural purposes.

Q. Just to check the falling off, notwithstanding the bonus or rebate of $15 as between the years ending March 31, 1924, and March 31, 1925, it is about 17 per cent, is it not?—A. There was a falling off, I do not know what percentage. I think it would have been greater without the $15.

Mr. MONTGOMERY, K.C.: That is all, Mr. Egan.

By Mr. Symington, K.C.:

Q. To clear up one point that is not clear in my mind in respect of P.C. 183. It made no provision for Continental limitation?—A. That is provided for later on.

Q. P.C. 185 provides for immigrants coming in with the vise of the Canadian officer. That is on the same date, P.C. 185?—A. Yes, that is right.

By the Chairman:

Q. The vise of the Canadian Immigration officer means that he has to satisfy the officer?—A. Yes, that he is the type he claims to be.

The CHAIRMAN: Have we any other witness?

Mr. SYMINGTON, K.C.: I will call Sir William Petersen.

Sir WILLIAM PETERSEN, called, sworn and examined.

By Mr. Symington, K.C.:

Q. Now, Sir Wiliam, will you kindly speak up, because it is very hard to hear?—A. Yes.

Q. What is your name, please?—A. William Petersen.

Q. Where were you born?—A. Denmark.

Q. You reside in England?—A. Yes. I have for fifty one years or more.

Q. Fifty one years in England?—A. Yes.

Q. You are a British subject?—A. Yes.

Q. How long have you been connected with shipping?—A. All my life.

Q. What is your present business?—A. Ship-owner, ship manager.

Q. What are your shipping connections?—A. I am director of the Thompson Steamship Company, The London-American Maritime Trading Company; I am Chairman of the Register of Bureau Viritas, and I am associated, indirectly, with other shipping companies, as Chairman.

Q. When did you first come into touch with shipping matters in Canada? —A. I first came into Canada in 1893, in connection with a shipping project, of carrying coal, from Cape Breton to Montreal. The Dominion Coal Company had just come into existence, after the amalgamation of the various mines in Cape Breton, and Mr. Henry Whitney, of Boston, who was the principal promoter, requested me to come over and try to fix some lines to run coal from Cape Breton to Montreal. I made a long contract with the Dominion Coal Company; I think it was seven or eight years. I ran a number of steamers, and although I was under no obligation by the contract to do so, I succeeded in cutting the rates in half. The rates charged in those days were, generally, $1.50 per ton, from Cape Breton to Montreal, which I succeeded in reducing to 75 cents. It was commented upon in those days, because I got a very high rate for my ships, without any guarantee, and some of the shipping men here will realize that I got five shillings per ton, deadweight, in 1893, where the average rate was, probably, three shillings. It was a very high rate and, yet, I succeeded in lowering the rates, and I made a very handsome profit for my company. That was my first advent in Canada.

The CHAIRMAN: Will you ask him, Mr. Symington, to clear that up, about the high rate of five shilings per deadweight ton. I did not quite understand it.

By Mr. Symington, K.C.:

Q. Was that a charter rate or what?—A. I had the ships chartered on time charter rates, which is generally based on the ton deadweight. For instance, a ship of four thousand tons at five shillings, would give one thousand pounds a month.

By the Chairman:

Q. That is what I wanted to clear up?—A. Out of that you would pay the crews wages, the insurance; and the charterers would pay for the bunker coal and otherwise have entire control of the handling of the ship.

By Mr. Symington, K.C.:

Q. On that occasion, you told us, Sir William, that the rates were reduced as a result, from $1.50 to 75 cents?—A. Yes, and less.

Q. You added "and less"?—A. And under 75 cents.

Q. How much under 75 cents?—A. Not "less than 75 cents," but in some instances under; they worked it at an average, which I am not prepared now to give to a few cents, but that was given to me at the time at 75 cents, which I had intimated to Mr. Whitney I would do.

Q. When was your next experience in shipping in Canadian matters?—A. 1897 I secured a contract with the Dominion Government, with a subsidy of £153,000 a year, to run the Whitney service of passenger steamers, between Canada and England.

Q. What happened in connection with that?—A. That service did not materialize, for this reason: I found I had, in the beginning, enormously strong opposition from the shipping community, and time dragged on, before I could overcome some of those obstacles. The Canadian Government, very kindly, gave me a contract for another period, to enable me to get through, but in the meantime, the Spanish-American war broke out. It was then impossible to go on, because I had a clause in my underwriting letters, that if war broke out between two nations, one of which was a European nation, the underwriters had a right to retire. Although England was not implicated in the war, there was quite a panic at the time, and large sums would be drawn, and in one week something like £500,000 or £600,000 would be drawn in that way.

By the Chairman:

Q. When you say "the underwriters" do you mean the people who had underwritten the project?—A. The people who had underwritten the capital for the ships in the service.

Q. The capital for the company that was to own and operate the ship?—A. Yes.

By Mr. Symington, K.C.:

Q. The company that was to build the ships, and own and operate them, is that it?—A. To own and operate them, I think, Mr. Chairman, is right, because the builders come into a different category.

Q. But you had to pay for them?—A. We had to pay for them.

Q. The result was that the 1897 project did not go ahead?—A. It did not go ahead, but I may tell you that I had deposited £20,000 with the Canadian Government, £10,000 in cash, and a banker's guarantee for £10,000; and in due course I applied for the return of this money, and the Canadian Government very graciously granted my application, and I may say that, even the opposition,—in those days, Sir Charles Tupper,—admitted, (which is of record in Hansard here), that I had done my best and played the game.

Q. And the deposit, in any event, was returned on that occasion?—A. Yes, sir, the money was returned to me; yes, after a couple of years.

Q. What was your next experience in connection with Canada?—A. In 1901 I established a freight line between Rotterdam, running through the St. Lawrence Canals, carrying freight to Fort William and Port Arthur. I carried freight, for the first time in the history of the world, ocean bound, 1,500 miles further west than had ever been done before, but I found that the ships, which could proceed through the canals—being too small—(under 4,000 tons) were unfit for the ocean trade, and eventually I had to withdraw that part of the service; so I formed a company on the Lakes, called the Canadian Lake and Ocean Navigation Company, where I left the smaller ships and simply carried on the line to Montreal and Halifax, for the time being.

Q. From Fort William and Port Arthur?—A. No, from Rotterdam.

Q. Then you did not operate any further on the Great Lakes?—A. No. I could not get through the canals with the larger ships, of course, and I had to abandon that part of the project.

Q. What was your next connection with Canada?—A. In 1904 I established a line called the Franco-Canadian Line, between Canada and France and London. In that project, if you will allow me to explain, I had partners with me, of a very substantial character. Armstrong Whitworth and Company, the big shipping firm, of Newcastle-on-Tyne took part in that enterprise with me. They put in two ships, which they had taken in part payment—I do not know if I am allowed to explain this.

The CHAIRMAN: Yes. This is interesting to us.

The WITNESS: I would like to explain it because I see in the white book, which is supposed to be a reply to Preston's Report, mention is made of this, and I want to make it perfectly clear, by having a record of it. I want to have a record of it here.

By the Chairman:

Q. We want the whole story, and we would be very glad to listen to you.—A. Armstrong-Whitworth and Company put in two ships, which they had taken in part payment, from the Royal Mail, two old passenger ships, and I put in two, and chartered another and started the line. They had agreed to furnish £100,000 in the enterprise, and we had a distinct promise from Sir Wilfrid Laurier and Sir Richard Cartwright, of a subsidy of £30,000.

By Mr. Symington, K.C.:

Q. This was for what purpose?—A. To run this line.

Q. It was passenger, emigrant or what?—A. Passenger and freight.

By the Chairman:

Q. You may mention the ports on both sides of the ocean that this contemplated line was to touch at?—A. During the summer season, Montreal and Quebec; during winter, Halifax and Havre, on the other side, and London. The subsidy had not actually been granted when we started the line, but I had Sir Wilfrid Laurier's word and Sir Richard Cartwright's that they would recommend this subsidy. I explained this to Armstrong Whitworth and Company and we took it for granted that the word would be kept by the Ministers, and we started the line. No sooner had I started the line than I found that Armstrong Whitworth and Company backed out. It is not true to say, as stated in that white pamphlet, that I got insurance from the steamers. I did nothing of the kind. They dropped the whole scheme and withheld the two boats they had put in without any notice or rhyme or reason. I had, at that time, thousands of emigrants waiting, whom I could not accept, because I had to follow the lead and give up the enterprise. Great pressure at that time, I found later on, was brought to bear on Armstrong Whitworth and Company by the combine lines, or, call it, the North Atlantic Conference and the German Pool Lines; and I was aghast at the unwarranted treatment I received, without any notice, but I had to stop the other lines and I had to throw some companies into liquidation, in order to save my own skin. It appears that some of the directors met Ballin, who was then President of the Hamburg-American Line, and Dr. Weigand, who was President of the North Deutcher Lloyds, at Aix-LaChapelle, and that two of the directors of the Armstrong Whitworth Company came back and told them that, not only would they never get an order from any of the Combine Lines in England or Germany, or any part of the Continent, but the German Government would never give them an order for armament or ships. I have an idea that Ballin must have seen the Kaiser, or somebody in authority; but at all events, Armstrong Whitworth and Company broke the contract and left me to sink or swim. Then, eventually, I instituted legal proceedings, and I fought it in the law courts for a year and a half. I won my case, and I got

very substantial damages, and they paid all law costs; but that line was resuscitated by the Allan's, who stepped into the breach, when Armstrong Whitworth and Company broke away, and eventually, Allan's, being absorbed by the Canadian Pacific, no doubt they are running that line to-day. That is my original project. That is the history of the Canadian-French line.

By Mr. Symington, K.C.:

Q. This information which you give, with respect to the Conference interference all came out, I understand, in the court proceedings?—A. Yes.

By the Chairman:

Q. Was the case reported in the English Law Reports?—A. Yes.

Q. Do you remember what year it was?—A. Yes; 1906. I may say that, after two days' bombardment by my counsel, we settled the case in court, with the consent of the judge.

By Mr. Montgomery, K.C.:

Q. Are you sure the case was reported?—A. It was in the English newspapers.

The CHAIRMAN: We have the English Law Reports here, and if a case is reported in the English Law Reports, we can turn to it.

Mr. MONTGOMERY, K.C.: As a matter of fact, the case was settled out of court. It was settled, but there was no judgment at all.

The WITNESS: It was settled in court, but with the consent of the judge.

The CHAIRMAN: I think, Mr. Montgomery, I might ask Sir William Petersen a question here.

By the Chairman:

Q. What was the amount of damages you received from those people? That will show us that there was something substantial in the story. What did you get from those people?—A. Mind you, Mr. Chairman, I am not quite sure, but I think it was 48 thousand pounds. And the law costs came to about 16 thousand pounds, as between solicitor and client.

By Mr. Symington, K.C.:

Q. What further shipping connections have you had with Canada, Sir William, any other or further shipping connections?—A. That was in 1904. Then in 1907 I started a line in conjunction with the late Sir William Mackenzie, between Rotterdam and Canada. I first called at Halifax, and proceeded on to New York, but later on the line was developed and took in seven larger ships and we called it the Royal Line, running to Montreal and Quebec. That line ran very successfully at the first going off; just at the first I called at Halifax, to divert or to disembark the Canadian emigrants. At that time it was very difficult on the Continent to get an emigrant to realize that there was another country besides the United States, and when you came and wanted him to go to Canada you had to precede that with a very large propaganda and all sorts of literature; therefore, for the two sailings I succeeded in establishing my agencies on the Continent, and diverted very few emigrants via Halifax, and for that reason I had to proceed with my steamers to New York, where I worked with the Erie Railway Company and discharged the balance of the immigrants destined for the United States, and to start my freight. I may say in connection with that service that I also had a tremendous fight to meet from the combined lines, who have always had a very sweet eye on me. The line first started in Hamburg, but I was chased out of Germany because with the

encirclement around the country of stations, control stations we called them, they would not allow my emigrants or passengers to get through on my tickets, and they had to be provided with either a conference ticket or a German pool line ticket, and I was then compelled to divert my line from this pressure to Rotterdam, and I had actually to pay any railway fares for all my emigrants around Germany, up from Central Europe until they arrived in Rotterdam to join my ships, which sometimes involved a railway fare of something like 16 shillings. Still I went on from Rotterdam, and I got more emigrants there in due course than my ships at that time could carry, because I was restricted in ships. I could not charter any ship from any shipowner for fear of the Conference, and I now had to go abroad and buy one or two ships in order to carry on the business, which I did, and we caried on the line as I say, and then developed it into the Royal Line, and I was associated with that line up to the moment; it was run first of the part of Sir William Mackenzie and myself entirely; later it was transferred to the Canadian Northern Railway and, as you know, that railway was later on taken over by the Canadian Government.

By the Chairman:

Q. What was the name of this line; you may have stated it, if so I have forgotten it?—A. The first line I started was called the Uranian, because the first liner I had was called the Urania, and on that line I chartered several ships from the Prince line, from Elder-Dempster and other people who were not in the conference, to carry on that line. Then later on we bought—or Mackenzie and Mann bought—two large passenger ships, 12,000-ton ships, very elaborately fitted out, and put them on that line, and that line commenced to run from Bristol and Avonmouth, and it was called the Royal Line; the Royal George and the Royal Alfred were two of those ships.

By Mr. Symington, K.C.:

Q. Have you told us all your North Atlantic experience now?—A. I think so, pretty well.

Q. Have you run ships to Vancouver or to Western ports?—A. I have, but not on lines of my own ships, I have run on charter from Vancouver to Japan and India.

Q. Have you had any experience in other trades, for instance the United States trade?—A. Yes. I ran a line of two of my own ships from Jamaica to Boston, for the United Fruit Company of America. I also ran one or two of my steamers, tank steamers, for the Standard Oil Company on a regular line to the Gulf of Mexico, and of course I have had shipping connections with America, India, China, Japan, Australia, New Zealand, every day almost with ships trading from one place to another.

Q. That is, you have been running your boats to these various countries?—A. Yes.

Q. How long have you known Mr. Preston?—A. I have known Mr. Preston upwards of 27 years.

Q. Where did you first meet him?—A. Here, in Ottawa.

Q. What were your first business connections with him?—A. I really never had any business connections with him except that I met him in business in 1904 in connection with the French Canadian line. He offered me, or had ready for me thousands of emigrants which he had secured under an organization he had himself established on the continent. Then later on he introduced me to other members of his organization. That was in 1906 and 1907, and indirectly at that time furnished me with many thousands of emigrants for Canada.

Q. Have you had any other business connection with him at all?—A. No, not until he came to London last year.

Q. I will come to that in a moment. Prior to this contract we are considering now, you had had no business dealings with him?—A. None whatever.

Q. Then as regards the present contract, when did he first see you with reference to it?—A. He saw me in London, I think, towards the end of June last year.

By the Chairman:

Q. Before that question is proceeded with, I would like to ask a question. When you met Mr. Preston some 27 years ago, was he in the Canadian Government service, or was he operating on his own account, or for some company?—A. I could not tell you, except that he was introduced to me by a Minister. I think the Minister was the gentleman who is now Sir Clifford Sifton, but whether he was in the Government service at that time or not I do not know.

Q. He was engaged in immigration work, but whether public or private you are not sure?—A. I am not sure.

Q. But it was immigration work?—A. Yes.

Q. Was that in 1904 or 1907?—A. That was in 1897, when I first met him; that was 27 years ago.

By Sir Eugene Fiset:

Q. I think you said it was in 1907 you had your first business dealings with him?—A. That is true.

Q. What I want to know is, was Mr. Preston engaged then in the Canadian immigration service?—A. He had been. I think he went back to Canada at the end of 1906 or the beginning of 1907, and later on began on the same business.

By Mr. Symington, K.C.:

Q. In 1897, when you met him, what was his business?—A. I don't know whether he was associated with the Government here at all or not. I met him here in Ottawa in the Government, and he was introduced to me I think by Sir Clifford Sifton.

Q. When you had your first business dealing with him, he was engaged in immigration?—A. Yes.

Q. On his own account or for the Government?—A. For the Government, I think, in Europe.

Q. You say with regard to the present contract you first saw Mr. Preston you think at the end of June, 1924; is that what you told us?—A. That is right.

Q. How did you come to meet him?—A. He came and called upon me; he first wrote me, then he called upon me at my house.

Q. What took place?—A. He told me that the Government was anxious to do something to establish control of ocean rates, and he had with him in London the Minister of Trade and Commerce, Mr. Low, whom I had not seen at that time, and I met him two or three times, when we discussed the matter.

By the Chairman:

Q. You met him, is that Mr. Preston or Mr. Low?—A. Mr. Preston, at my house.

By Mr. Symington, K.C.:

Q. Let me get this clear, the first time Mr. Preston came to you, was Mr. Low there?—A. No, it was before that I met Mr. Low.

Q. What took place the first time? He came to your house, you say, and he told you that the Canadian Government wanted to do something about controlling ocean rates?—A. Yes.

Q. And is there anything else at that particular time?—A. Well he also told me he had seen a lot of people in connection with this matter; I do not know the details of the people he saw, and he said he would like to introduce me to Mr. Low, the Minister, if I would consider the matter at all.

Q. That is, of taking part in some transaction looking to the control of ocean rates to Canada?—A. That is it, yes.

Q. And how many times did you see him before you saw Mr. Low?—A. Oh, three or four times probably.

Q. And when was Mr. Low introduced to you?—A. He was introduced to me a few days later, about the end of June; the very end of June.

Q. Then after you met Mr. Low did you have anything further to do with Mr. Preston regarding negotiations preceding the contract?—A. No.

Q. How did the contract arise?—A. I wrote a memorandum and conveyed my ideas of a certain scheme; in a memorandum which I handed to Mr. Low at the Ritz Hotel in London. He perused that, and I saw him a day or two after, and we had several other discussions on this subject, and eventually he asked me would I leave the matter over until his return to Canada, as he wanted to discuss the subject with his colleagues in the Cabinet.

By Hon. Mr. Stevens:

Q. This was Mr. Low, was it?—A. That was Mr. Low, yes. And would I, if his colleagues so wished it, come to Canada on receiving a cable from him. The result was that some time at the end of October, I think it was, I got a cable from Mr. Low asking me to come over and I came here to Ottawa and negotiations for the present agreement started, and the result was the contract of the 9th December of last year.

By Mr. Symington, K.C.:

Q. Now, did Mr. Preston have anything to do with the drawing of that contract so far as you are concerned.—A. Nothing whatever.

Q. Was he present at the negotiations with the Government?—A. Not that I am aware of.

Q. Did you discuss the terms of the contract with him before its completion?—A. No.

Q. Did you have anything to do with his report?—A. Nothing whatever.

Q. You did not assist him in any way in writing his report.—A. Not in the slightest.

Q. Did he ever discuss the question of his report with you or ask advice. —A. No. He mentioned to me in an offhand sort of way that he was writing a report for the Government, but he never asked my advice nor did I ever see anything of the report.

Q. You never saw the report at all?—A. No.

Q. Or know anything that was in it prior to it being given?—A. No not at all.

Q. Now, Sir William, what do you know about the North Atlantic Conference?—A. What do I know about it? A good deal I am afraid.

Q. Have you had any experience with them?—A. Well I have already given you a few.

Q. Is there anything further you want to say on that subject?—A. Well, of course I know where their headquarters are, but you see, you are not allowed to get into the sanctum sanctorum unless you are a member, and you can learn very little outside, but you feel the bite, though, outside, all right.

Q. You and the Conferences have been rather in opposition for a great many years, is that not so, Sir William?—A. That is right.

[Sir William Petersen.]

Q. Now coming back to your lines, with respect to immigration, so that we may get that cleared up, what did you carry passengers from the Continent to Canada—

By the Chairman:

Q. I wonder if I might interject a question here? I would like to get Sir William's views as an experienced shipping man on the economic benefits, or the economic disadvantages of the Conference system, first, in respect to shippers; and second, in respect to shipowners. I wonder if Sir William would give us a few words on that? It is of intense interest to me. I do not know whether it is to the other members of the Committee.

The WITNESS: It is a rather long subject, Mr. Chairman. You hold me down, I suppose?

By the Chairman:

Q. We would rather ask you to speak up.—A. Very well. You want me to speak in a general way?

Q. That is it. Here is the Conference; they come before us and they say, there is a Conference but it is of real benefit not only to ourselves but to the shipping public of the world; it stabilizes rates; it ensures regular sailings; and other words to the like effect. Now you have been a shipping man for fifty years and I would like you to treat the subject, Sir William, succinctly, but fully, giving us your ideas as to whether they are benefits, first of all, to the shippers of the world, and secondly, to the shipowning interests of the world.

Mr. MONTGOMERY, K.C.: You are not looking for an unprejudiced opinion, Mr. Chairman.

By the Chairman:

Q. I do not think Sir William's opinion on this will be any more prejudiced than that given by Mr. Cleminson and Col. Gear.—A. Well, any monopoly or combine by any part of the community is always liable to take advantage of its strong position, I take it. But there is none of such immense scope as shipping concerns spreading themselves all over the world and without going into an explanation about the general situation of the whole world's shipping, may I be allowed just to confine myself to Canada? I have already been slogged in other parts of the world, where I did not deserve it. As far as Canada is concerned, I do not mind a little more slogging because I know I deserve it. Canada is in a very peculiar position, in this way; that here we have all the Conference lines combined in one big mass. Every individual line, mind you, can go and catch the freight and passengers apparently independent of each other, but the one dare not cut the rates against the rates dictated at Montreal, New York, and Leadenhall Street in London. Now why are these rates maintained at a high level? The situation of Canada at present is this: that with the restrictions of immigrant traffic into the United States, some of the big steamers of the lines now running to Canada have become a drug in the market. Take the Carmania, and several other very expensive ships, running into millions, running under an organization enormously expensive, they carry of course, as many emigrants as they can westbound, and as much cargo as they can get; but when they arrive here in Canada, they are only able to carry, some of them, half the cargo that I propose to carry in my cargo boats. Consequently they are bound to keep up the rates as high as possible in order to make ends meet.

Let me give you an instance of one ship, the Aurania. She is 14,000 tons gross register; she is 16 knot speed; she will carry a thousand immigrants and some hundreds of second class passengers. She cost a million sterling to build last year and she was delivered in February. She has nurseries, kindergartens,

winter gardens, gymnasiums, extravagant bills of fare for the emigrants and all these attractive frills, and she gets of course a number of emigrants across and a good deal of westbound freight, but when she loads in Montreal or Quebec, or wherever she loads, she is only able to carry 6,000 tons dead weight back, and therefore they are bound to keep the rate as high as possible to make a ship like that pay its way both ways. They are bound to lose money on a ship like that. Whereas, if they had not gone to the extravagant limit they have now, perforce perhaps, on account of the United States Act restricting immigration but had confined themselves to an ideal cargo ship to carry a maximum amount of cargo on an economical basis, with a fairly large number of emigrant accommodation on an economical basis, without too long bills of fare, too many stewards to wait upon them to carry these westbound people, that ship—what I call "an intermediary ship" would beat them all. You cannot—I am sure you will all realize—afford to run a 60 mile an hour trains, carrying mail and passengers, and load that train with bricks and iron girders; if you do that, somebody has to pay the bill. And so it is with these extravagant ships, at enormous first cost, somebody has to pay the bill for the extravagance, and for these frills. Who has to pay? Why, of course, the Canadian shipper. There is no question about that. There is no sane man would deny that. And therefore my ships of course I have designed and put up particularly for this contract.

Q. Sir William, I do not want to interrupt you, but rather than enter upon the details of comparison between your own and Conference ships, I would like to direct your attention more nearly to the Conference system as a system.—A. Have I not already explained that, Mr. Chairman?

Q. Perhaps, in a few words, you might continue.—A. The Conference system here is well known. It has been brought out in evidence and I think it is well understood by everybody. Rates are dictated in Montreal; rates are dictated in New York; but not only are rates dictated in New York and Montreal, but the Montreal people here—I think Col. Gear will perhaps bear me out also—at times influence the shipper from Europe, and when an outside line attempts to get freight from the east to go to Canada, a cable will be sent to that shipper, to give the Cairns line or some other line the preference. Now you see it is very difficult under a system like that for any outsider to attempt to run a line. You could not attempt it without a subsidy. I knew of a line running here last year, with very excellent management, called "Lloyds Italiana;" he wanted to establish trade between Canada and Italy and he dropped £30,000, and the little freight he secured from the Mediterranean was cut away from him by instructions received from Montreal.

By the Chairman:

Q. What I was particularly anxious to get from you, Sir William, was some ideas along the lines of what was set forth in the Minority Report of the Commission that examined on shipping rings in the Old Country in 1906, or 1909. For instance, the Minority Report found that the system of shipping rings had been injurious to tramps. I will read:

> "The system has been injurious to tramps, the strongest element in the British Mercantile Marine, and it leads . . . . to higher rates of freight."

I must say I do not quite understand how it hurts the tramps, and I would be glad if you could tell me whether that corresponds with your idea, and if it does, you might explain it.—A. Yes. Shall I give you one concrete instance here, bearing again upon Canada?

Q. First of all you might tell us whether you agree with that statement.—A. Yes, to a certain extent I do, but that statement is a very general statement, and applies to the whole of the world's shipping, you might say.

Q. You can give us your specific instance, then, Sir William.—A. Well, of course, where a Conference line trades they have their connections and their agents there, always collecting freight for them, for the various sailings. Now, if they have anything to spare which the liners cannot carry, they hold the cheapest freight and that is left for the tramp steamers, as you call them, whereas the choice freight with the higher rates, of course, is shipped by the lines represented by the agent.

By Hon. Mr. Stevens:

Q. If the tramp steamer will take that freight at a lower cost, why should it not get it?—A. They never get it but at a lower cost, because it is always in the agent's hands to dictate the rates. You cannot always go into an open market with a tramp steamer, unless there is a spurt somewhere in grain. I give you the example of my steamer which I had here recently. I secured freight for that ship in Europe, otherwise I would never have sent my ship here empty; I would not have got a pound of cargo, I do not think.

The CHAIRMAN: Perhaps you would continue, Mr. Symington.

By Mr. Symington, K.C.:

Q. I was coming at the time, Sir William, to what price you charged for emigration service. I mean, what did you charge the emigrants?—A. £3-10.

Q. That was when?—A. That was in 1907 and 1908 and 1909. In 1909 it was raised to a higher figure, £4-10, I think, and when the Royal Line boats came on they charged more; of course, they were more expensive ships; it was something like £6.

Q. First coming back to your £3-10 rate, from 1904 and on—or did you say 1904?—A. No, 1907.

Q. What was the Conference rate at that time?—A. The Conference rates and the German pool lines rates were £7, £6-10 or £7.

Q. So that at the time you installed your service in 1907 the German pool lines and the Conference lines were charging between £6 and £7, at the time you put in the £3-10 rate?—A. Yes.

Q. Is that when the control stations came in, then?—A. No, the control stations were in existence prior to that, but I had been compelled, on account of the control stations, to divert my lines to Rotterdam.

Q. Did the Conference rates show any change when you started carrying at £3-10?—A. When they saw I went to Rotterdam and continued to get emigrants from there, they started to cut their rate, but a general rate war took place between the Cunard Company, White Star, and the German pool lines, and both sides cut the rate very low, how low I do not remember. But that rate only lasted a few weeks. During that rate war I had to reduce mine a little; I think I reduced mine to £2-10, in response, but that was only quite temporary.

Q. You continued charging your £3-10 up to the end of—?—A. Up till the end of 1909, if I remember correctly, or the beginning of 1909.

Q. In the meantime, what had happened to the Conference rates, when this rate war was over, this short rate war?—A. They came back, they agreed upon the rates between them. It was not a question only of rates between these companies, it was also a question of the number allocated to the various lines. You see, the German pool lines in those days had absolute control of the emigration business, and they very kindly allowed us in Great Britain one-quarter of the whole of the emigrants, and kept the three-quarters themselves. The rate war was brought about by the companies, to have that proportion of

the emigrants adjusted, irrespective of rates; the rate war was fought for two reasons, but at all events I came into it and had to modify my rates to meet their lowered rates while they were fighting.

Q. I understand you say that continued only for a few weeks?—A. Yes. You may take it, on the average throughout, my rate was £3-15 up to 1909.

Q. And theirs was back to the £6 and £7 after the war, following the rate war?—A. Yes.

Q. Their rates returned to what they had been before?—A. Yes, and they made some adjustments about the traffic, which I do not know about.

Q. Now, Sir William, about that £3 rate, did you make any money at that rate?—A. Yes.

Q. Was it a profitable service?—A. A profitable service, yes. I had, in addition to emigrants, of course, a good deal of freight and a good deal of freight eastbound, but the ships I ran the emigrants in had no kindergartens or swimming pools and that sort of thing. They had very wholesome food and very fine quarters and were much cheaper ships than you see here, these luxury ships, as I call them.

Q. You have healthy ships for the immigrants?—A. Yes.

Q. You never got the immigration or health authorities raising any trouble about it?—A. Never.

Q. And did you get sufficient business to command the capacity?—A. We got so much business we did not know what to do with the immigrants in Rotterdam, and we had to build a hotel to lodge them so as to fit in with the sailings of the ships, and keep them in that hotel for a fortnight before we could ship them.

Q. Well, Sir William, have you had any immigration experience in carrying immigrants since 1909?—A. Right up until 1910. No, not since 1910.

Q. Not since then?—A. No.

Q. What are your views, from your experience, as to the possibility of carrying immigrants for less than the present Conference rate of $75?—A. What is my view?

Q. Yes, as to the possibility of carrying immigrants at a less rate than they are being carried for at present?—A. It all depends on the ships they are carried in. If you want to carry a class of immigrants who can afford to pay for swimming baths, and gymnasiums, and that sort of thing, wou will get some of that class, but very few of them.

Q. Let me put it this way, then; to carry them in clean, airy, reasonably healthy accommodations, and give them reasonably good food, do you care to say what they can be carried at?—A. Under present conditions, at eight or nine pounds.

Q. For eight or nine pounds?—A. Yes.

The CHAIRMAN: $45.

Hon. Mr. SINCLAIR: About $42.

By the Chairman:

Q. You do not suggest that the third-class quarters in these finer ships have swimming baths for the third-class passengers?—A. I do not think I quite meant that, because the average immigrant does not take many baths coming across. I really meant kindergartens and other luxuries of that kind, which the average immigrant does not look for, as he has not been accustomed to those things in his own country.

By Mr. Symington, K.C.:

Q. What you mean, Sir William—for instance the evidence was given here that the accommodation here to-day for the third-class immigrant is about

equivalent to the cost of the first-class passage in 1914?—A. That is about it, sir.

Q. And you say you can give reasonable service, under clean, wholesome and healthy conditions for about eight or nine pounds?—A. Yes.

The CHAIRMAN: This Committee stands adjourned until 3.30 p.m.

The witness retired.

The Committee adjourned.

The Committee resumed at 3.30 o'clock, p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The Committee will please come to order. Sir William, will you please resume your seat?

Sir WILLIAM PETERSEN: I will, sir.

Sir WILLIAM PETERSEN recalled.

By Mr. Symington, K.C.:

Q. Sir William, I understand there was a correction you wanted to make in your evidence of this morning?—A. Yes, I would like to say that I mean to say the date when I met Mr. Low in London was a few weeks—

Q. You said "a few days" this morning?—A. I meant a few weeks after the end of June.

Q. When you first met Mr. Preston?—A. I met Mr. Preston at the end of June, and a few weeks later I met Mr. Low.

Q. Approximately when? In August some time?—A. No, at the end of July sometime; the 27th or 28th, something like that.

Q. Sir William, at the adjournment we had, I think, finished my questioning in regard to immigration, and you had in answer to a question by, I think, the Chairman, given some views about the nature of the services on the North Atlantic now?—A. Yes.

Q. Now, you operate what I have heard described here as corrugated ships of the Monitor type, is that it?—A. Yes.

Q. Would you kindly explain the nature of these ships to the Committee?

The CHAIRMAN: Speak right up, Sir William. Throw your voice out, please, so that the members of the Committee can all hear.

The WITNESS: This is a bad room for acoustics, and now we are coming into hydrostatics. Lord Kelvin said at one time that there were three things which nobody ever understand, acoustics, hydrostatics and women.

Mr. MONTGOMERY, K.C.: That is a somewhat revised edition of Solomon.

Sir EUGENE FISET: He should have put the last one first.

The WITNESS: Now, we will come to corrugated ships. It is a very difficult question to tackle, because you have to explain it scientifically, apart from commercially. The formation of the ship itself— . . . . I was going to say it is necessary to enter the science of hydrostatics now for a few moments in order to explain how this model of ship is applied economically commercially. The mere corrugations of the ship were originally intended for strength, to increase the strength of the ship, and reduce the displacement weight, supposing this (indicating) represents the straight side of a vessel—

The CHAIRMAN: The witness is now holding in his hand a straight piece of paper.

The WITNESS: If that (indicating) is a plate of steel, or the side of a ship 400 or 500 feet long, you will find, when at sea, it will bend very readily. In order to obviate that we have what you would call "ribs," but we call them "frames" or "uprights." They are very heavy steel frames, probably two feet apart, and then stringers longitudinally in order to keep that plate stiff. Now, if you corrugate that paper you will find you can hardly bend it at all with your hands and the strength is increased 85 or 87 per cent without applying any stringers, and without applying any ribs or frame. Is that clear?

Now, we are allowed, according to the classification, to adopt, for that corrugation, ribs six or seven feet apart, giving us so much more space in the ship; we are allowed one very small stringer to give it longitudinal strength—because we have already got that—and by this means we reduce the material for strengthening the ship. This has been calculated very careful by Naval experts as reducing altogether the weight of the material in the ship, and enabling that ship to carry more cargo For instance, the Rio Dorado, of which you had evidence the other day, will carry something like 160 tons more cargo than an ordinary ship with the plain sides, and be a stronger ship besides.

Now, in addition to the strength of the ship, there is another advantage. By corrugation you increase the speed of the ship. That is a thing which is quite opposed to the old principles of hydrostatics, because it is evident if you corrugate, you increase what we call the wetted surface, and by increasing the wetted surface you get more friction. The text-books on hydrostatics say it is impossible, however, we have been at this for 20 years or more and we find that they are altering the text-books on hydrostatics.

These corrugations, I may explain,—although it is pretty hard to explain, but I will try to because I ought to—have this further advantage. If a plain-sided ship goes through the water and you look over the ship's side, you will find it is followed by a volume of water probably a foot, or at least a few inches off the ship—a solid volume of water; that volume of water, as you drive the ship through, is keeping the ship back like rubbing it against heavy sand-paper, and the more you increase the speed, the more adherence the volume of water gets, and the more obstruction you get, and that obstruction and adherence keeps on for some feet after the ship, and keeps growing less and less, until the ship rids itself of that obstruction. If you look over the side of a corrugated ship at sea you will find there is no volume of water following it. The moment the ship gathers headway, there is a little curl of water which induces air in between the shell of the ship and the water, and eliminates the water, leaving the sides of the ship free, and as this water is set free and carried along the corrugations, it creates a solid volume of water at the stern of the ship, enabling the propellor to get the fullest advantage of the revolutions. If you look over the stern of any of my corrugated ships, you will meet a sight which you cannot meet on any other ship; you will be able to see the propellor revolving without the slightest trouble. If you do the same thing with any other ship built, you will find the water churning up all the way round, and you cannot see the propellor through the solid water, in which the propellor is doing its work. We have no slip on our propellors,—or a very small one, as compared to the slip on the ordinary ship, which runs up sometimes to 20 or 30 per cent.

By the Chairman:

Q What do you mean by "slip"?—A. The loss of efficiency. In bad weather, for instance, you will get into a condition where the propellor is not able to perform and give its full efficiency in work. We call that difference between that condition and the normal power, the "slip", and this is carefully calculated by the engineers.

Q. That does not mean when the propellor is out of the water altogether, and is, what is called, racing?—A. No; it means when the propellor is working

in the water, by the rolling of the ship and other similar conditions—by the pitch of the ship—the propellor does not get the chance to perform full service.

Now, that is the technical part, as I explained, of the hydrostatical part of the construction of a ship, and the reasons are as I have given them to you. We are saving weight in ships like that to an enormous degree, and yet get more strength. The displacement is less, and being less, of course, we get more carrying capacity. That is the scientific aspect, as well as I am able to explain it.

By Sir Henry Drayton:

Q. Is that a patented process?—A. The patent was in force, Sir Henry, but it expired just during the war. I had nothing to do with it. I invented this myself in 1905, and it was then patented, but I had nothing to do with it, and the patent had not expired. I refused to buy some shares which were offered to me by the man who really had control of the company, but who has died in the meantime. A lawyer, a very shrewd man, one of the executors, came to me and said if I would undertake to fight the case before the English Courts, I might get an extension of the patent for a few years on account of the war conditions, and that the shares ought to be worth something. So I bought up all the shares, gave some of them away, and I fought the case in the English Courts, and had all the evidence of the greatest shipping experts, including experts of the Furness-Withy Company, who had to admit they had never had ships like that. They had two of the Monitor type running on a time charter—that is, the Furness-Withy Company—at the time. I won the case, and I go three years extra, and since then the patent has been added to, so it is still in existence on the same principles.

Q. What is the depth of the corrugation?—A. The depth from the water's edge?

Q. Yes, how much do you think it is?—A. Oh, about twenty inches, in a ship of 8,000 or 9,000 tons, probably 22 inches.

Q. Does it run from stem to stern?—A. No, it only runs from where the sharp of the bow ends to the counter of the ship aft, just on the side.

Q. And for how much of the side? What is the height up and down?—A. The corrugation itself?

Q. Yes.—A. The corrugation itself would be probably 18 inches; two of them, one under the other.

Q. So you have two rows of corrugations, 18 inches in depth each?—A. Yes.

By the Chairman:

Q. I did not get your answers to Sir Henry, when he asked you to what extent the corrugations extended along the side of the ship?—A. Along the side of the ship?

Q. Yes.—A. I was just going to hand Sir Henry this photograph, which was sent to me by one of my crew.

Q. Do I gather from this photograph that the corrugation starts just about the place where the ship obtains its normal width?—A. Yes.

Q. And follows along until——A. You get to the counter.

By Sir Henry Drayton:

Q. It commences really a little before that, at the fineness of the bow? —A. Yes.

The CHAIRMAN: It does not go right into the fineness of the bow.

By Sir Henry Drayton:

Q. No; as you leave the fineness of the bow it comes in. It is before you get to the maximum width?—A. Yes.

Q. It must be there in order to get good results?—A. Yes.

By Mr. Shaw:

Q. I would like to ask the witness why, if two corrugations are good, why not three or four corrugations or more?—A. What is that?

By the Chairman:

Q. Captain Shaw asks you, if two corrugations are good, why would not more be still better?—A. Yes. We began with one, Mr. Shaw; then we started on two. The British Navy copied me, and during the war they stole part of my patent. I beg pardon, I did not mean that word "stole".

Q. "Appropriated"?—A. Yes, appropriated part of my patent, and one of His Majesty's ships was fitted with one bulge of mine, and later on they fitted a great many more. It was fitted first for the purpose of avoiding torpedo attacks, but later they found the speed increased so enormously, and unexpectedly, that they adopted it in a great many ships. Eventually they were going to try two of them, but they thought I was going to protest—which I was not—and they left it at that. We started with one. We found really the result almost as good as we find it with two, but we did not find the rolling diminished so much as it is with two. The bulges create a very steady platform for the ship, and you know the rolling of the ship has a very great deal to do with the economy of the ship, as to wear and tear of everything connected with it. The steadier you can get a ship the less wear and tear you have.

Q. And the more the ship rolls the less fast she goes, too?—A. Yes, that is it. A ship is built to steam at its best on an even keel, of course.

By Mr. Duff:

Q. Is it not a fact that two are sufficient for this reason, that if you put more than two on, the lower one would be too far under the bilge, and unnecessary, and if you put more than two on, the upper one would be up above the water line?—A. That is so. I was just going to explain that to Mr. Shaw, that there was no necessity to have more than two, because you get the result from the water line, and any one you would put above that would be superfluous and would also be an encumbrance in many cases, where a ship is lying alongside a wharf or getting alongside other ships. But the steady platform and the less rolling will, of course, make a ship more efficient, although there are a great many other advantages. For instance, the steering; these ships here, you will find a child will be able to steer them. There is no kicking of the wheel; they go along on a course simply because they are steady, and without any trouble, without any effort. These are, of course, actual reports I have. I have never myself made a voyage, I may state, in any of the corrugated ships, but this is absolute evidence I have to the effect of the performances at sea.

By Mr. Symington, K.C.:

Q. How long has your company operated ships of this kind, Sir William?—A. You are speaking now of my own shipping companies?

Q. Take it that way first, yes.—A. You are not speaking of myself?

Q. No, any company you have any connection with.—A. I have been connected with a great many companies in connection with these ships, because I have been interested financially a little, but I have never been directly interested in the management, except since 1920, in connection with the Turtle ships, which I built on my own account.

By the Chairman:

Q. But have you been connected with companies who were operating these corrugated ships prior to that?—A. Yes, many of them.

Q. For how long?—A. Since 1906 or 1907.

By Mr. Symington, K.C.:

Q. Now, since you have operated them yourself, dealing with that first, have you watched the results of your voyages?—A. Yes.

Q. You heard your captain and engineer of the Rio Dorado give the figures from their log book, or supposed log book, in any event?—A. I did.

Q. Of the expenses of operating the boat. Would you say from your knowledge of the operations of the other boats that those are correct?—A. Yes, absolutely.

Q. How many of these boats have you, Sir William?—A. Four, and two building.

Q. Your captain gave evidence of some certain other voyages to other parts of the world, as instancing their superiority Did you know of these voyages?—A. Yes.

Q. Did you go into the figures?—A. Yes.

Q. Were the figures that he gave correct?—A. Absolutely.

Q. Now, it has been stated here, Sir William, by the shipping companies, that grain is the lowest paying cargo.—A. Yes.

Q. And generally speaking, a losing cargo, under three shillings?—A. Yes.

The CHAIRMAN: Three shillings what?

Mr. SYMINGTON, K.C.: A quarter.

By Mr. Symington, K.C.:

Q. Your Rio Dorado has lately made a trip?—A. Yes.

Q. She came, according to the evidence, light from Hull?—A. Yes, from Hull.

Q. She loaded at Montreal for Hamburg?—A. Yes.

Q. And grain was the only cargo?—A. That is so.

Q. Can you give the detail to the committee? Have you any objection to giving the detail of the earnings and expenses of that voyage?—A. None whatever.

Q. Would you do it then, please?—A. Will I hand it to you?

Q. You had better read it.—A. This is a voyage account of the Rio Dorado from Hull to Montreal in ballast, from Montreal to Hamburg with grain.

Q. She is not at Hamburg yet, is she? You want to make that clear.—A. She will be there on Saturday all right.

Q. She will arrive Saturday?—A. Yes.

By the Chairman:

Q. D.V.—A. Oh yes, quite. She was nearly twelve days steaming out from Hull; she was six days in Montreal loading, and I imagine she will take less, but I will reckon twelve days to Hamburg loaded, because I have already cable advices by radio from my ship that she is steaming to Hamburg at a rate of eleven and three-quarter knots, on 25 tons of coal, so I imagine she will be in Hamburg, D.V., on Saturday. That was 24 steaming days, and twelve loading days, reckoning that she will take no more than six days in Hamburg, which I do not suppose she will. That is thirty-six days on the round trip, and her expenses per day including insurance, wages, stores, provisions and extras are £30 per day. £30 multiplied by 36 gives you £1,080. Coal; 24 days multiplied by 25 tons, at 18s.4d., £550, and I have given here extra coal for harbour work, winches and galley and so on, £50. The actual port charges in Montreal were $6,305.09, which at exchange of $4.80 is £1,313. Port charges in Hamburg—this is the only figure I estimate, and I think the estimate will be right—£550, giving a total for the whole expenses of the round trip, including fuel, of £3,543. The freight, Montreal to Hamburg, is $28,728.85, and at

$4.85 exchange that is £5,902. Deduct from that freight 2½ per cent brokerage, £147-10- and management, 5 per cent, a total of £443, from £5,902 leaves £5,459 net freight. Take from that the expenses, £3,543 and it gives you a net profit on the round trip of £1,916.

By the Chairman:

Q. Sir William, did you turn the pound into dollars at the same rate in both cases?—A. No, Mr. Chairman, I did not, because the freight is payable in New York at the New York rate of exchange, which is $4.85. Here in Montreal I calculated the exchange at $4.80. That is the only difference.

By Mr. Symington, K.C.:

Q. Just hold that statement a moment; I want to ask some questions about it. You have stated to the committee that the only estimate here is the unloading charges at Hamburg?—A. That is right.

Q. Have you some knowledge of what the port charges at Hamburg are?—A. Certainly. I think I am correct here, within a few dollars.

Q. From your previous experience?—A. Yes, and also from information I have.

Q. Now then, you put first, your expense of the ship, at £30 a day?—A. Yes.

Q. Have you got any details of how that is made up?—A. Yes. That is made up of insurance, hull and machinery, plus P. and I. per day £8/11/8; wages, per day, £13/8.

Q. The wage list, I may say, is the wage list which the Captain put in of this, when he was in the box?—A. This I had, before the Captain gave evidence.

Q. He did put in the wage list here?—A. Yes. I hope it does not differ from this very much.

Q. I think it is the same.—A. Provisions, victualling, £4/2/8 per day; deck and engine room, £3/5s per day; extras, 10s, making £29/17/4 per day. I reckon £30 in my calculation.

Q. Then you add the other charges, namely six thousand odd dollars, charges in Montreal?—A. Yes.

Q. These are actual disbursements which you now have, in fact, paid, so that they are actually fixed?—A. Absolutely.

Q. This cargo, we understand, was partly heavy grain and partly light grain?—A. It was nearly all light grain, inasmuch as it was one-third rye and two-thirds oats.

Q. Two thirds oats?—A. Yes. This is the lightest grain you can get.

By Hon. Mr. Stevens:

Q. I thought you said one-third barley?—A. There was a small proportion of barley, but it was one-third rye, not barley; a very small parcel of barley, and the balance, oats.

By Mr. Symington, K.C.:

Q. You remember the charter was one-third rye or barley. I want you to look at Exhibit No. 35, in view of that statement of yours, at page 73.

The WITNESS: I do not know this document, Mr. Symington.

By Mr. Symington, K.C.:

Q. Now, if you will look at Exhibit 35, Sir William, you will find under the heading "1923" the words "per voyage"?—A. Yes.

Q. And under the heading "operating expenses," you will find a series of charges there, starting with port charges?—A. Yes. I see that.

Q. And you will find there "port charges per voyage, $18,275"?—A. Yes. It all depends on the ports, of course. What ports do you refer to?

Q. That is a composite statement. The port charges which you have just given us, if I got them correctly, were some $6,800 in Montreal?—A. $6,305 in Montreal.

Q. About $2,500 in Hamburg?

Mr. DUFF: $2,755.

By Mr. Symington, K.C.:

Q. This is at five dollars, $2,750. Make it $2,700. That is $9,500?—A. Yes.

Q. The port charges would vary, according to the cargo, for one thing?—A. yes.

Q. That is, in a mixed cargo, the port charges would be larger than on a bulk cargo, would they not?—A. Yes.

Q. And the charges, while they would not vary, the port being Montreal on this side, they would vary on the other side, dependent on what port they went to?—A. Certainly.

Q. But these port charges, according to the evidence, included stevedoring, and all that sort of thing, Sir William?—A. Yes.

Q. You see that figure is double yours. Would the difference in a mixed cargo, as opposed to a grain cargo, make that difference in your ship?—A. No, it would not. Of course, I do not know the size of the ships here.

Q. Well, I will show you the size of the ships, and you will look them over?—A. This is an average, I take it.

Q. Those are the cargo liners of the Cairn line, the Manchester Line, the Canadian Pacific Line, the Donaldson Line and the Anchor-Donaldson?—A. They are all cargo boats.

Q. If you will look at the tonnage at page, vi-vii in Roman numerals, behind page 94, you can say whether your boats are larger or smaller, than those, on the average?—A. Yes, about the same.

Q. You would say about the same?—A. About the same yes. About the same size, about 8,000 tons on an average.

By the Chairman:

Q. On an average, they would be about that?—A. Yes.

Q. So that it will not be altogether in the realm of assumption, perhaps the witness will tell us just what the charges for loading that grain cargo that he had at Montreal were?

EXHIBIT No. 91

CABLE ADDRESS "MACARTHY" MONTREAL — Montreal Port Charges for ss. Rio Dorado

T. R. McCARTHY REG'D
(Montreal Branch of J. F. Whitney & Co., New York)
STEAMSHIP AND FREIGHT BROKERS

MONTREAL, May 26th 1925.

SS. Rio Dorado and Owners (Petersen & Co. Ltd., Mgrs.) and Owners arrived from Hull, May 13th, 1925. Sailed for Hamburg, May 20, 1925.

	Dr.	
Received for disbursements from Simpson, Spence & Young exchange on American check at 1/16 per cent..	$ 4 25	$6,800 00
Attendance fee..	150 00	
Bags and separation cloths..	1,035 25	
Bill of health..	1 00	
Boatman at Quebec..	5 00	
Board of Trade shipping fees..	1 80	
Bunker coal..		
Cash to captain..	270 00	
Charts		
Consul fees..	11 00	
Doctor..		

Elevating grain—		
100,000 bushels Rye	$ 400 00	
356,554 bushels Oats	1,426 20	
Overtime	40 00	
		1,866 20
Harbor commissioners water		
Immigration		
Laundry		7 05
Pilotage: sea to Quebec		54 18
Pilotage: Quebec to Montreal		58 00
Pilotage: Montreal to Quebec		106 33
Pilotage: Quebec to sea		88 97
Pilotage: Apprentice—inward		10 00
Pilotage: Apprentice—outward		15 00
Pilotage: Harbor		10 00
Port warden		8 00
Postage, petties, war tax stamps, etc		5 00
Repairs		65 85
Shipping federation		
Ship chandler		224 91
Sick mariners' dues: 276 tons at 2 cents per net. reg. ton		55 32
Stevedoring		1,087 42
Fittings		1,348 08
Telegrams and cables		17 49
Towage 40-80-40		160 00
Wharfage on ship's stores		1 00
Watchman		30 00
Balance in favor of steamer		102 90
	$6,800 00	$6,800 00

E. & O. Ex.,
J. F. Whitney & Co.,
Per.....

Mr. SYMINGTON, K.C.: He gave it as $6,305.

Hon. Mr. STEVENS: That is for the port charges.

The CHAIRMAN: Stevedoring charges, for putting on board the grain.

By Mr. Symington, K.C.:

Q. Can you give the Committee that $6,300 divided up?—A. Yes. Here we are.

The WITNESS: These two items here, cash to Captain and the ship chandler, have to be deducted from the total, which is $6,800.

The CHAIRMAN: What I wanted to get at was, what it costs to put this cargo on to the vessel.

The WITNESS: It is detailed there.

By Mr. Symington, K.C.:

Q. From your agents' brokerage commission, the following items. Perhaps I had better read it: "Attendance fee, $150." Is that a port charge?—A. Yes; attendance or agent's attendance.

Q. Is that not covered in the brokerage charge which you gave us?—A. No.

Q. Bags, $1,035.25.

The CHAIRMAN: What is that?

Mr. SYMINGTON, K.C.: Bags. Just explain that. You had bags.

The WITNESS: The ship has such a large cubical capacity that she would not load herself fully, even with light grain; in order to keep the cargo steady they had to bag a certain quantity, and they used about 8,000 bags to fill up that empty space, which otherwise would have been left vacant.

By Mr. Symington, K.C.:

Q. If you had some flour or general cargo on top, that would not be necessary?—A. No, certainly not.

By Mr. Duff:

Q. You should not include the cost of those bags in the port charges, because they can sell those bags when they get to Hamburg—A. That is true.

By Mr. Symington, K.C.:

Q. At any rate he had included them in his port charges. You will be able to sell those bags in Hamburg, so there would be a credit on that amount?—A. I suppose there would be a reduction, but I do not know; I did not take that into consideration.

By Sir Henry Drayton:

Q. That would reduce the total amount of your port charges?—A. Yes.

By Mr. Symington, K.C.:

Q. Bill of health, $1.00; boatman at Quebec, $5; Board of Trade, shipping fees, $1.80; Consul fees, $11; elevating grain, 100,000 bushels of rye, $400; 356,554 bushels of oats, $1,426.20; overtime, $40.

Mr. MONTGOMERY, K.C.: What is that figure again, if you do not mind?

Mr. SYMINGTON, K.C.: 356,554 bushels of oats, $1,426.20. Overtime, $40, or a total for elevating grain of $1,866.20.

Hon. Mr. STEVENS: What is the overtime?

Mr. SYMINGTON, K.C.: $40.

By Mr. Symington, K.C.:

Q. That would mean the loading after a certain hour?—A. Yes.

The CHAIRMAN: Does that elevating of the grain include the trimming of the grain in the boat itself?

Mr. SYMINGTON, K.C.: I was going to give you all the charges, so you can decide. Laundry, $7.05; Pilotage, sea to Quebec, $54.18; Quebec to Montreal, $58; Montreal to Quebec, $106.33; Quebec to the sea, $88.97.

By Mr. Rinfret:

Q. It costs more to come back?—What is the reason for that?—A. Well, I think so; a loaded ship.

Sir HENRY DRAYTON: One is loaded and the other is light?

Mr. DUFF: It is paid for by the foot of draft.

Mr. RINFRET: Who is going to tell me that?

The WITNESS: The ship loaded, would cost more in pilotage than the ship inward light, I take it, because they get paid according to so many feet draft, and she would pay more going out than coming in.

By Mr. Symington, K.C.:

Q. Still under the heading of pilotage: Apprentice inward, $10; apprentice, outward, $15; pilotage, harbour, $10; Port Warden, $8; postage, pettys, war tax stamps, etc., $5; repairs, $65.85. What was that?—A. Well, that ought not really to go in there, but it is a small item. I could not find out what it was but I think they did injury to some part of the wharf, or something on the wharf and not on the ship, but the agent told me he could not tell me what it was when I inquired. I left it in. It was not repairs to the ship, as far as I understand. It was some damage to something that they had done on the quay, which had to be done, and which was paid for by the ship.

Q. Sick Mariners Dues, 2,766 tons, at two cents per net registered ton, $55.32; stevedore, $1,087.42; fittings, $1,348.08. What is that?—A. That is fittings; wood fittings, making certain compartments. According to Act of Parliament, you are only allowed to stow so much grain in one compartment; also to prevent shifting of the cargo, and I take it that some of the rye required some of these fittings, in addition to bagging.

Q. I say, would those fittings be useless after this trip?

Hon. Mr. STEVENS: There would be some salvage.

The WITNESS: The value would be very small I should think. It would amount to wood cut up.

By Hon. Mr. Sinclair:

Q. Firewood?—A. Yes, firewood. I think the most of that would be in labour. Expended in labour probably.

By Mr. Symington, K.C.:

Q. Telegrams and cables, $17.49. Towage, forty-eight forty—$160, what does that mean?—A. A tug getting hold of the ship to pull her around.

Q. A tug at the wharf?—A. Or getting her into the wharf. There is a heavy current in the harbour where they require tugs to pull the ship.

Q. Wharfage on ship's stores $1, watchman $30. That completes your agent's account to you, Sir William?—A. That is so. That is complete because it is paid.

By the Chairman:

Q. I have taken down as purely stevedore charges, charges connected with the loading of the ship, these figures: $1,866.20, $1,087.42, and $1,348.08. I took those as being the cost of putting the cargo aboard.—A. That is right.

The CHAIRMAN: Adding those three amounts which I gave, together, they come to $4,301.70. Am I right?

Hon. Mr. STEVENS: Yes.

Sir EUGENE FISET: What does it matter? The statement is complete. It does not matter whether they are port charges; I think it is a wonderful statement; it should be read into the evidence so that it will be available for us afterwards. I should think it should be put in as it stands.

By Mr. Symington, K.C.:

Q. Then, Sir William, I go back to Exhibit 35, at page 73, in 1923 the average of the composite statement of the cargo boats of the Conference lines, the port charges were $18,275, as opposed to $9,000, including all the figures that we have just been disputing. Now would you say that the difference in port charges on your boat, of $9,000, or double, would be made up by the difference in cargo or by the difference in port?—A. The port charges for the same size ships—the ship is the same but the handling of the cargo would of course differ.

Q. You mean the port dues are the same?—A. I mean the port dues.

Q. But the handling of the cargo would vary with different classes of ships?—A. That is so. Of course this has been rather sprung upon me, and I do not see how that enormous difference comes in.

Q. My friends don't believe it has. They smile when you say this has been sprung upon you, but so far as I am concerned it is correct.

By Mr. Duff:

Q. I should like this cleared up. Sir William gave $6,697.10 as one of the charges.

Mr. SYMINGTON, K.C.: $6,305 isn't it?

Sir EUGENE FISET: The total shown on the statement is $6,697.10.

Mr. SYMINGTON, K.C.: He explained, Mr. Duff, that he took out ship's chandlers.

By Mr. Duff:

Q. The total shown on this statement, Sir William, is $6,697.10, which includes bags and separation cost, $1,035.25; and cash to Captain $270; ship's chandlers $224.91. Now would we not be right in deducting those last three amounts which total $1,530.16, which makes the port charges, instead of the $6,300, I think, which you gave, $5,166.94?

Hon. Mr. STEVENS: You could not deduct all of that with regard to bags, because the sacking would cost considerable and the salvage from the bags would only be what you could sell the old sacks for.

Mr. DUFF: It is not for bagging, Mr. Stevens. It just says "Bags and separation cost."

Hon. Mr. STEVENS: That is for stowing those bags, for the separation of the cargo.

Mr. DUFF: No, the stevedoring is the storing.

Mr. SYMINGTON, K.C.: No, there is $1,000 for stevedoring.

Hon. Mr. STEVENS: The salvage out of those bags would be what they are worth to sell.

Mr. DUFF: Suppose they are worth half of what they cost, they would be fair I think. I am willing to put it that way, so instead of the disbursements for port charges, being $6,300, they would only be about $5,600.

By Sir Henry Drayton:

Q. How many sacks were there, Sir William?—A. I think 8,000.

Sir EUGENE FISET: Would not that simply accentuate what difference there is.

By Hon. Mr. Stevens:

Q. What do they cost?—A. I think they run to a shilling a bag, and a shilling for handling, filling and putting down, £400. That is pure conjecture on my part. I was told that by one of the clerks.

By Sir Henry Drayton:

Q. Are the bags cotton or jute?—A. I think they are jute bags.

Q. I think that is wrong then.—A. It may be that I am wrong.

By the Chairman:

Q. That is your impression anyway?—A. Yes, that was my impression.

The CHAIRMAN: Sir William was asked by Sir Henry whether they were jute bags or cotton bags. Sir William's idea was that they were jute bags; he is not positive but that is his impression.

Sir EUGENE FISET: Jute bags would not be worth twice the value of cotton.

By Mr. Symington, K.C.:

Q. In that charge for bags and separation, there is also a charge of stevedoring $1,087. Is that for loading the bags?—A. Loading the bags, I take it, and trimming the cargo. Instead of the grain being poured in from the spouts.

Q. So that Mr. Duff's suggestion that whatever salvage there is in the bags at Hamburg should be deducted from that amount?—A. Yes, that would be correct.

Q. Have you any idea what that would be?—A. None whatever. There would be some, I should think.

Mr. DUFF: At least fifty per cent.

Sir HENRY DRAYTON: A percentage of the filling, loading and trimming.

Mr. DUFF: But that is charged extra.

By Mr. Symington, K.C.:

Q. That is what I have sought to clear up. What is the stevedoring additional charge of a thousand? Sir Henry suggests that the filling of those bags and putting them on board is in addition?—A. I think that is so, Sir Henry. The filling of the bags, and the trimming and the cargo, must constitute the stevedoring.

By Sir Henry Drayton:

Q. I thought you told us a moment ago that the charge was one shilling per bag, and one shilling for filling which brought the amount up to £400.

Mr. DUFF: What is that, Sir Henry?

Sir HENRY DRAYTON: He divided it before, so much for the bags, and so much for filling the bags.

Mr. DUFF: And how much was that?

Sir HENRY DRAYTON: The bag, a shilling; and the filling, a shilling. Per hundred, was it? Or four hundred? I forget what he said.

Mr. DUFF: If you multiply that by 8,000 it will go two thousand.

Mr. SYMINGTON, K.C.: Yes, that cannot be right. A shilling a bag cannot be right because with 8,000 it would be more.

Sir HENRY DRAYTON: I understand jute bags are worth 5 to 10 cents.

Sir EUGENE FISET: Cotton bags might be, but jute are worth more than that. They would be 17 to 18 cents, that is what we pay down below.

Sir HENRY DRAYTON: Oh, not at this port.

The CHAIRMAN: Let us leave the question of bags then and proceed with other aspects of the case.

Mr. SHAW: Could Sir William give us any idea in a rough way of a comparison of port charges in England—in the ports of the United Kingdom as compared with Hamburg?

By Mr. Symington, K.C.:

Q. Yes. Sir William, Mr. Shaw has asked if you can give any comparison of the port charges, Hamburg and the United Kingdom ports?—A. Yes.

Q. Would you do that, please, if you have it?—A. I have a cable here. I was anxious to get this from absolute records. The cable is dated somewhere in the beginning of this month, the 3rd May I think:

> "Cost of discharging Canadian general cargo including timber London port charges £700 stevedoring £1,490 Liverpool port charges £600 stevedoring £1,280 Antwerp port charges £350 stevedoring £425 Rotterdam port charges £350 stevedoring £560 Hamburg port charges £450 stevedoring £600 stop these figures approximate only and are based on 9,000 deadweight steamer carrying 8,500 cargo stop if nature of cargo stipulated more accurate figures could be given."

That is as near as possible. This is Canadian typical general cargo upon which I got these figures. Of course any statement of that kind must inevitably be approximate to some extent, unless you go into the details of every ship.

Q. On those figures, as I gather it then, not saying that they are corrcet, but for comparative purposes, how does Hamburg compare with the other ports?

Hon. Mr. STEVENS: Much less.

By the Chairman:

Q. Did Sir William answer Mr. Symington's question?—A. I did not hear it, Mr. Chairman.

Mr. SYMINGTON, K.C.: I asked if you noticed how Hamburg compares with other ports.

The WITNESS: Yes.

By Mr. Symington, K.C.:

Q. Lower or higher?—A. Lower.

Q. I notice they are not lower than Rotterdam, they are higher than Rotterdam.—A. Yes, but I am speaking of London and Liverpool. They are lower than those.

Q. We will go through the lot. Antwerp was £350 port charges as opposed to £450 at Hamburg; and stevedoring £425 as opposed to £600 at Hamburg. So that Hamburg is higher than the Continental ports of Antwerp and Rotterdam according to this information?—A. Yes.

Q. Then coming to the United Kingdom ports: Liverpool port charges £600 as opposed to Hamburg £450.—A. Yes.

Q. And stevedoring £1,280 as opposed to £600 or over twice as much. And London port charges £700 as opposed to £450; and stevedoring £1,490 as opposed to £600. So that the United Kingdom ports are—taking London £2,190 as opposed to £1,050 in Hamburg—just about double?—A. Yes.

Hon. Mr. STEVENS: I was going to ask Sir William Petersen this question; when he mentioned what he called port charges and so on, he gave us the charges at Hamburg as 550 pounds for port charges.

The WITNESS: Yes.

By Hon. Mr. Stevens:

Q. This telegram indicates that the port charges were 450 pounds plus 600 pounds for stevedoring, or 1,500 pounds?—A. Yes. I may tell you that that telegram does not state it quite correctly. It says one thousand for stevedoring. That is so absurd that it needs no explanation. For grain they have elevators alongside the ship, and they suck up the grain in a few hours without any expense, and I had all charges for stevedoring at 150 pounds.

Q. Even at that, do you think you allow enough for stevedoring there?—A. I do, yes.

Q. For all other than the fixed port charges?—A. Yes.

Q. Don't you think that is pretty cheap?—A. No, I think not. I have had pulp grain discharged very cheaply.

Q. I know that, but it cost you some $4,300, made up of these various items to load it, and that would be about 900 pounds?—A. Yes.

Q. Surely it would cost more than 100 pounds to unload what costs more than 900 pounds to load, when you unload it from spouts out of the elevators?—A. But I am talking of Hamburg. It goes into the spouts, the same as it comes out. I see your point, Mr. Stevens, and I told you from the outset that that was the only figure in the whole of the figures that was an estimate; all the others were facts. I am not able to estimate within those few pounds.

Mr. DUFF: Did you say it cost $4,300 to load a cargo at Montreal, Mr. Stevens?

Hon. Mr. STEVENS: No. I said, that the charges set forth in that account amounted to $4,300 in Montreal, and that included the sacking.

Mr. DUFF: You mean the sacks, not the sacking?

Hon. Mr. STEVENS: The sacking and the sacks, both. You have to fill the sack, and that is sacking, and there is a charge for that.

Mr. DUFF: You include in the charge of $4,000 something for sacks; what do you include in the $4,300? The $1,000?

Hon. Mr. STEVENS: Yes.

Mr. DUFF: You deduct the amount of salvage you would get?

Hon. Mr. STEVENS: What salvage would he get?

Mr. DUFF: If he had it in his cargo, it would be in bulk. That is not a port charge at all, and it ought to come off.

Hon. Mr. STEVENS: I am talking about stevedoring, not port charges. I am talking about stevedoring in unloading, and was asking Sir William this question. In his account, which is a sample account only, he gave us a figure of 550 pounds for Hamburg and that the 480 pounds was the fixed port charge; but according to the telegram he received, allowing 100 pounds for unloading 7,000 or 8,000 tons of grain, in view of the fact that his account shows $4,300 including sacking for the loading of that grain—but I am not going to squabble about that—is there not a large discrepancy between that and the 100 pounds for unloading?

The WITNESS: Let us take stevedoring. In Rotterdam, for instance, the stevedoring there is 560 pounds.

By Hon. Mr. Stevens:

Q. What is that for, Sir William?—A. For general cargo.

Q. Which is very much more expensive, I know. Suppose we put the stevedoring at 425; Hamburg is the one in question. At Liverpool the stevedoring is 1,280, and in London the stevedoring is 1,490. The point that I want you to explain is this; if the stveedoring on a general cargo is as follows: 560 at Rotterdam; 425 at Antwerp; 1,280 at Liverpool, and 1,490 at London, isn't the charge of only 100 pounds for this cargo of grain too low in Hamburg? That is my question?—A. Maybe you are right, Mr. Stevens. As I told you at the outset, this is an estimate. I had not even seen my telegram. To tell you the truth, I thought the charges would be about 350 pounds, speaking from memory, but I have no record of it.

Q. For stevedoring?—A. No, port charges, and I thought if we put it at 200 pounds it would be sufficient, but we will put some of Mr. Duff's salvage bags in.

Mr. DUFF: Before we leave that, Mr. Stevens, there is an item of 1,400 pounds for stevedoring at London?

Hon. Mr. STEVENS: Yes.

By Mr. Duff:

Q. With your knowledge of the carriage of grain, Sir William, do you mean to say that it would cost 1,400 pounds for stevedoring to unload that cargo of grain in London?—A. No, this is a general cargo.

Q. Is it not possible that that cable means cargo in and cargo out, two cargoes?—A. That is true.

Hon. Mr. STEVENS: It does not say so.

Mr. DUFF: I know it does not.

The WITNESS: But that is very likely the explanation, I cannot tell.

Sir HENRY DRAYTON: We have had lots of suppositions, I suppose we can have another one all right enough. We can suppose that too.

By Mr. Duff:

Q. That is, with a general cargo either in or out; wouldn't 1,400 pounds discharge a general cargo in London?—A. No, I don't think so. Do you mean in and out?

Q. Just one way?—A. No, I don't think so.

Hon. Mr. STEVENS: Let us take Mr. Duff's view of Montreal, and cut off $1,000; that leaves $3,300 to put that grain aboard in Montreal, to load it from elevators, I suppose.

Sir HENRY DRAYTON: Without any in or out.

Hon. Mr. STEVENS: That is just loading, and I submit that $485 or 100 pounds is too small an allowance to make for a service that costs $3,000.

By Mr. Duff:

Q. Would labour be any greater at Hamburg, in discharging that cargo of grain?—A. Very little, because it is all done mechanically.

Q. That is, assuming that you get the cargo from the spouts?—A. That is so.

Q. They put the spouts in to the bottom of the ship?—A. They put the spouts into the ship, and the grain is sucked up like water. There is no labour required.

By Hon. Mr. Stevens:

Q. Plus the taking out of 8,000 sacks and plus the taking out of the fittings, the lumber and all that?—A. Yes.

Sir HENRY DRAYTON: I think we had better leave the guess work, and go on with something else.

By Mr. Johnston:

Q. In estimating the port charges at Hamburg, you allow 200 pounds for unloading?—A. Yes.

Q. And 350 for port charges?—A. Yes.

Hon. Mr. STEVENS: The actual elevating charges were $1,866.20. In addition to that there were 1,035 bags and separations and stevedoring, 1,087, and the actual loading expenses apart from towage, portage and such things.

Mr. DUFF: What do they amount to?

Hon. Mr. STEVENS: Somewhere about $4,300, including the bags and separation.

The CHAIRMAN: We will proceed to another aspect of the case with the permission of the Committee.

Q. Sir HENRY DRAYTON: It would be interesting to find out why it is so much more expensive to drop grain down into a boat than to take it out of a boat.

Mr. DUFF: And there is another charge we had better have explained. There is a large charge there in the elevators.

Hon. Mr. STEVENS: That has nothing to do with the stevedoring at all.

The CHAIRMAN: That is elevating.

Mr. DUFF: That charge would not come in under Unloading, would it?

Hon. Mr. STEVENS: Yes, why wouldn't it? Don't you elevate out of a boat as well as into a boat?

Sir HENRY DRAYTON: I think we have gone far enough, Mr. Chairman.

Mr. DUFF: We want to get it straight, that's all.

The CHAIRMAN: Go ahead, Mr. Symington. Those who are in attendance upon the Committee will kindly refrain from conversation, so that we will be able to hear what the witness says.

Mr. RINFRET: Did Sir William explain why the port charges are higher in the United Kingdom ports than on the continent?

The CHAIRMAN: He did not, and I don't know whether he can or not.

By the Chairman:

Q. Sir William, can you explain why the port charges are higher in United Kingdom ports than they are on the continent?—A. The only reason I can attribute for that is that it is a higher class of labour; I can see no other reason.

Mr. RINFRET: I got that, but I was expecting more.

By Mr. Symington, K.C.:

Q. Apart from the stevedoring, who fixes the port charges? Is it by Government regulation?—A. It is a Government port regulation.

Q. And the port dues?—A. That is a Government regulation.

Q. They seem to be higher in United Kingdom ports than on the Continent?—A. The port dues?

Q. He was asking for port charges, including port dues I suppose?—A. The charges are regulated by the London Port authorities, and dues are regulated by the Government, By Trinity House and institutions of that kind.

By the Chairman:

Q. In other words, the dues imposed by the authorities in the United Kingdom are higher than those imposed upon the Continent similarly?—A. Yes. If you refer to the loading and unloading, I would say that the cost of labour is much higher in England than on the Continent.

Mr. RINFRET: I think that is the explanation.

By Mr. Symington, K.C.:

Q. Will you turn to Exhibit No. 35 again, Sir William? The second item is fuel?—A. Yes.

Q. The average cost per voyage is $9,708?—A. Yes.

Q. You gave us a figure, or your engineer gave us a figure of how much?—A. I think he gave me a figure 550 pounds.

Q. Have you that sheet of yours?—A. Yes.

Q. 550 pounds, and 50 pounds for the harbour?—A. Yes.

Q. In other words, you put in 600 pounds?—A. For the round trip.

Q. Is there any doubt about that, Sir William; is there any estimate about that at all?—A. None.

Q. Do you know how many tons of coal your boat shipped at Hull?—A. Yes, and I know how many she left here with, 610 tons; I will give you the exact amount.

Q. That is near enough. You know that the figure is correct, in other words?—A. Yes.

Q. You told us the price you paid for Yorkshire coal, 18 shillings?—A. And fourpence.

Q. So that when you come to the average fuel charges you have, roughly speaking, $2,500 or thereabouts as opposed to $9,708 for a conference voyage?—A. Yes.

The CHAIRMAN: Say $3,000.

Mr. SYMINGTON, K.C.: At $5, it would be $3,000, as opposed to $9,708?

The WITNESS: Yes.

By Mr. Symington, K.C.:

Q. Would you say that represents the difference in efficiency in steaming, between these boats?—A. Well, it is so enormous that I cannot possibly offer an opinion.

Q. You would not like to offer an opinion?—A. No, I would not.

Q. Then "wages" is the next item?—A. Yes.

Q. You give us the figures for wages, at how much?—A. £30 a day—

Q. No, for "Wages?"—A. Yes, per day? No, "Wages, insurance," and so on. I will give you the exact figures.

Hon. Mr. STEVENS: £13/8?

The WITNESS: £13/8.

By Mr. Symington, K.C.:

Q. At $5, to get it roughly—you said £13 per day?—A. Yes.

Q. Taking it per day so as not to delay on the voyage, that would be, roughly, $65, as opposed to $78?—A. Yes.

Q. Your Captain stated your boats could run with a lesser number of men, employees, sailors or firemen?—A. Yes, that is right.

Q. Now, "Stores and Provisions?"—A. Yes.

Q. What did you give us for that?

The CHAIRMAN: £2/7 per head.

The WITNESS: £3/5.

By Hon Mr. Stevens:

Q. That is for deck stores?—A. Oh, victualling you mean.

Hon. Mr. STEVENS: £4/2-8.

By Mr. Symington, K.C.:

Q. £4/2-8 per day?—A. Yes.

Q. What is that? About 23 or 24 dollars?—A. That is £124 a month. Do you want me to work that out?

Q. I want it either for a voyage or a day, if you can give it to us?—A. I will give it to you per day.

Q. You gave us the per day figure. What was it?—A. £4/2-8.

Q. That is, roughly, about $22?—A. Yes.

Q. As opposed to $39.94 on the Conference boats?—A. Yes.

The CHAIRMAN: How much?

Mr. SYMINGTON, K.C.: Roughly about $22, as opposed to $39.94.

The CHAIRMAN: Just about half.

Mr. SYMINGTON, K.C.: Yes, just about half.

By Mr. Symington, K.C.:

Q. Now, Sir William, "Insurance." What is that?—A. £11/11-8 per day.

By Hon. Mr. Stevens:

Q. Sir William, how have you figured that insurance?—A. The actual insurance paid. I paid at the rate of 65 shillings per cent for the ship.

Q. You take so many days for the voyage?—A. Yes.

Q. Or take the full number of days?—A. I take the full insurance premium and divide it by 365.

By Sir Henry Drayton:

Q. Up to what amount do your insure the boats?—A. The full value.

Q. How much would that be?—A. On this particular boat, the Rio Dorado, the insurance is, I think, for £85,000. That is what it costs.

By Mr. Montgomery, K.C.:

Q. As I do not intend to cross-examine you very much on this, it might be convenient to point out that while you have taken "Stores and Provisions," you have really taken only one item, and have only given the figure for one, "Victualling," when Mr. Symington jumped right onto something else.

Mr. SYMINGTON, K.C.: Mr. Montgomery has pointed out, Sir William —let us go back before we reached "Insurance"—take that other item of "Stores and Provisions"—

Mr. FLINTOFT: Including victualling?

The WITNESS: Yes.

By Mr. Symington, K.C.:

Q. What have you got that is equivalent to that?—A. I have got £3/5 for stores; that is, £7/7-8 for the two together, per day.

Hon. Mr. STEVENS: That is not quite the same.

Mr. SYMINGTON, K.C.: That makes quite a difference.

By Mr. Symington, K.C.:

Q. £7/7 per day?—A. Yes.

Q. And would be about the same, $35 as opposed to $39, roughly speaking?—A. Yes.

Mr. MONTGOMERY, K.C.: A little more than $37.

Mr. SYMINGTON, K.C.: At $5, that would be only $35.

Mr. MONTGOMERY, K.C.: It is £7/7/8, is not that it?

Mr. SYMINGTON, K.C.: Yes, and at $5, it would be $35; it could not be $37.

Mr. MONTGOMERY, K.C.: Call it $36. Now, what are the two insurance figures?

By Mr. Symington, K.C.:

Q. What is your insurance, Sir William?—A. £8/11/8.

Q. Roughly speaking, about $40?—A. Yes.

Q. Now, I notice, Sir William, in their 1924 statement their insurance drops down to $51.13, as opposed to $61, per day?—A. Yes.

Q. So that your present figure is eight pounds—.—A. Eleven and eight pence.

Q. Roughly speaking, $41 or $42?—Would that be right, Mr. Stevens?

Hon. Mr. STEVENS: Yes, it is about $41.

The WITNESS: Yes, about $41.

By Mr. Symington, K.C.:

Q. Then your next item on Exhibit 35 is "Repairs." What have you got for that?—A. Well, on this particular ship I have nothing for repairs, because she is a new ship.

Q. She is a new ship?—A. Yes.

Q. There is charged here, Sir William, in their composite voyage accounts, $2,732 for repairs per voyage, in 1923, and $1,900 for 1924?—A. Yes.

Q. Have you, on your older boats, any repairs of that character, per voyage?—A. No, this is altogether—

By the Chairman:

Q. What is your answer? I got the words "This is altogether"—what was the balance?—A. —beyond me. I cannot bind myself nor give any opinion on figures like this. To my mind this is far in excess of anything I have come across in my own experience.

By Mr. Rinfret:

Q. You mean in so far as expenditures are concerned?—A. Yes, on repairs.

By Hon. Mr. Stevens:

Q. Sir William, suppose you took a year's operations, including, we will say, dry-docking, scraping and ordinary work that must be done over a year, and then took the total repairs of the year, including the local repairs; would that approximate anything as compared with that (indicating Exhibit 35)?—A. No, I do not think so, Mr. Stevens. I will tell you about that. Let us start

with dry-docking. A ship is generally dry-docked once every six months, and she is scraped and gets two coats of paint, and that process for a ship of that size would cost about £100 in the dry-dock—for dry-docking and painting.

By Mr. Duff:

Q. Then there would be engine-room and machinery repairs?—A. Yes, I am coming to that. The engine-room and machinery repairs for a new ship, until she gets onto the No. 2 Survey after the fourth year, does not amount to very much. After four years she has a No. 1 Lloyd survey; that means she has to be absolutely as good as the day she was built, according to Lloyd's rules. Any repairs required at that survey, as a rule, are light. That survey is generally a very light one, and costs very little, because the ship is practically a new one, being only four years old. It is really when you come to a No. 2 survey— a ship getting on for eight years of age, or 12 years of age, where the very heavy repairs come in, and lots of those repairs are put under the category of "Survey Repairs." Now, if you take a period of, say, seven years,—you can only deal with that kind of a ship when it is six or seven years old.

By Hon. Mr. Stevens:

Q. Supposing you took a ship eight years old—that is about the middle-life of a ship?—A. Yes.

Q. Would eight years be a fair estimate?—A. Yes.

Q. Most of these ships would average more than eight?—A. Yes.

Q. Take a year's repairs including two dry-dockings for a ship, say, eight years old; would these figures then be so much out of the way as you indicate? —A. I would say so—

Mr. SYMINGTON, K.C.: I have just asked Mr. Young about that, because I was not quite sure of it myself. The survey costs are in that item of "Repairs." The reason I was misled is that on some of the voyage sheets this was included in something else. I do not know whether they have any objection to stating what the amount allowed for survey was, but Mr. Young could tell us, if he wished, how much was allowed.

Hon. Mr. STEVENS: That is included in this item?

Mr. SYMINGTON, K.C.: It is included in this compilation, but it is not in the voyage sheet.

Mr. MONTGOMERY, K.C.: It includes an allowance for survey, an allowance for annual overhauling, and an allowance for running repairs.

Mr. SYMINGTON, K.C.: But the figures per voyage are not anything like that. If my friends wish to state what it was, they may do so; but it was not any figure approximating that.

By Mr. Symington, K.C.:

Q. Then there is an item apart from "General and Management Expenses" in Exhibit 35—

Sir EUGENE FISET: Mr. Symington, when you say "Survey," you mean the four-year survey for reclassification purposes?

Mr. SYMINGTON, K.C. Yes.

The CHAIRMAN: Every four years the vessel has to go through a survey.

Hon. Mr. STEVENS: Or if she be damaged, she has to go in for survey.

Mr. DUFF: What did Sir William say about that amount of $2,732 per voyage?

Mr. SYMINGTON, K.C.: He says it is beyond his ken, and he does not want to express an opinion on it.

Mr. DUFF: May I ask a question right here?

The CHAIRMAN: Certainly.

By Mr. Duff:

Q. Sir William, looking at Exhibit 35, "General Repairs in 1923," it shows a figure of $2,732.24 per voyage. You will notice by that statement these ships made five voyages each per year—this is an average?—A. Yes.

Q. That would mean multiplying $2,732.24 by five, which would amount to approximately $13,500 per year for repairs?—A. Yes.

Q. Would you say that was a fair amount?—A. No, very excessive, I should say.

Mr. SYMINGTON, K.C.: Not only that, Mr. Duff, but these boats run on other routes. The five voyages do not constitute their whole operations for the year. All the voyages that are charged here are voyages that came to Canadian ports, but there were other voyages.

Mr. DUFF: How many other voyages?

Sir EUGENE FISET: He says an average of between eight and ten voyages per year, but they had taken five voyages for the purpose of comparing this compilation.

Mr. SYMINGTON, K.C.: I did not so understand that. I understood they had taken the voyages which had been made to Canadian ports, and when they ran to other ports they had not included them. I know, as a fact, they did run to other ports.

Mr. FLINTOFT: Not all of them.

Mr. DUFF: But they did go to other ports?

Mr. SYMINGTON, K.C.: Yes.

Mr. DUFF: If there were more than the five voyages, you would add approximately $2,700 for each extra voyage, which would make it around $20,000 or $25,000 each year for repairs.

By Mr. Symington, K.C.:

Q. Then there is an item of sundries next, Sir William, of $1,823 a voyage in 1923, and $1,500 a voyage in 1924. Have you any such charge in your calculations?—A. No.

Q. What is it, do you know?—A. I do not. I do not know what it is made up of.

Q. As a steamboat owner, have you included everything in your expenses that experience tells you is properly included?—A. Yes.

Q. So that you get a total then, Sir William, in 1923, of a voyage expense, of $45,398 per voyage, and $41,609 a voyage in 1924, carrying general cargo. Knowing the performance of your boats, how would you say these Conference expenses compare with yours, per voyage?—A. I do not understand that; is that freight earnings?

Q. No, total expenses, total operating expenses for 1923, $45,398 per voyage, and for 1924, $41,609?—A. Yes.

Q. Knowing the performance of your ships, what would you say as to these expenses per voyage, with respect to your ships? Would yours be less or greater? That is roughly £8,000 in 1924, and around £10,000 in 1923.—A. Yes. At least double.

Q. At least double?—A. More than double. About double, including charges and everything.

Q. Having that in mind, then, Sir William, if you were assured of a full cargo eastward, general cargo, would you say that in the operation of your boats, rates could be reduced?—A. Say that again, please.

Q. Supposing you were assured of a full cargo eastward?—A. Yes.

Q. Would you say that the present rates being charged could be lowered? In your boats, I mean?—A. In my boats?

The CHAIRMAN: And leaving a fair operating profit at the same time?

By Mr. Symington, K.C.:

Q. And leaving a fair operating profit at the same time?—A. That is what I wanted to know.

Q. Leaving a fair operating profit at the same time.—A. Certainly. We could do it at very much lower rates.

Q. Now Sir William, you heard the evidence of Mr. Middleton of the Anchor Donaldson line?—A. Yes.

Q. Or rather the Furness Withy line?—A. Yes.

Q. In which he stated this, in closing his evidence, that a 6,500 ton ship required a gross freight of £10,000 per round voyage in order to show a reasonable return. Would you be satisfied with such a gross freight per round voyage on a ship of 9,000 tons?—A. Yes, I would be very glad, and if I were guaranteed that score I would not ask for any subsidy.

Q. If you could get a guarantee of the cargo on that basis you do not want any subsidy?—A. I do not.

Q. Now, Sir William, there has been a criticism offered of your boat, that it has no 'tween decks, and that it is not suitable for general cargo. What have you to say as to that?—A. That it is absurd.

Q. Can you demonstrate the absurdity?—A. There has been a good deal of misunderstanding about the 'tween decks and talk about it, and some people do not seem to quite realize what it means, in a shelter deck. I have a plan with me here of a ship which I think will show you more clearly what is meant.

By Mr. Montgomery, K.C.:

Q. Is this the *Rio Dorado?*—A. This is not the *Rio Dorado.*

By Mr. Symington, K.C.:

Q. This is the *Rio Dorado,* is it not?—A. This is a 9,000 ton steamer. I have not the plans of the *Rio Dorado,* except on a very small scale.

Q. What boat is this?—A. This is a boat building now, a 9,000 tonner. Now, I want to explain. That is a shelter deck boat—

The CHAIRMAN: The witness, pointing to—

Mr. SYMINGTON, K.C.: First, had we better mark this as an Exhibit?

By Mr. Symington, K.C.:

Q. Have you any objection to leaving this plan?—A. No, I have not any objection.

The CHAIRMAN: This is produced as Exhibit 92.

EXHIBIT 92: Plan of steamer *"River Ottawa."* Not printed.

By the Chairman:

Q. You are pointing to what?—A. A profile.

Q. A profile section of a ship now being built for you, pointing at the top of the Exhibit. In order that you may be able to identify this, the name of this ship is the *River Ottawa.* She was launched about a fortnight ago.

By the Chairman:

Q. Go ahead, Sir William.—A. That is a ship which is now afloat. She is a corrugated ship; she is 9,000 tons dead weight, and she will steam anything up to 13 knots. Her guaranteed sea speed is 11 knots, which she will do on 25 tons of coal, or what may be equivalent to 25 tons of coal. She is an internal combustion engined ship, burning oil. She will steam 11 knots on $6\frac{3}{4}$ tons of oil. Now, it will be apparent to you if you look at this plan that there is a deck up there (pointing)—

By the Chairman:

Q. A deck up there?—A. Yes.

By Mr. Symington, K.C.:

Q. So that the reporter can get it, that is below the accommodation?—A. Yes. This is the upper deck, and that is the main weather deck (indicating). For some reason or other in that type of ship, to evade certain measurements, it has been called a shelter deck, and that deck there (indicating), that is, the 'tween deck, goes right through the ship. It has been called the main deck for certain measurement purposes. Now, all the accommodation for officers and crew is situated on this deck, and that crew space and the space for officers, of course, is deducted from the registered tonnage. There has been some misunderstanding about that, too, in the evidence. The registered tonnage of a ship is measured by the cubic contents, divided by a certain standard. From that result is taken all the spaces occupied by officers and engineers and crew, and all propelling spaces, engine room, boiler space, and so on, and that leaves the net register of the ship, after that deduction. Now, the whole of the crew space and the officers' space is on that shelter deck, and therefore has all been deducted. You see there is nothing at all on this 'tween decks. But it was alleged that this ship has no 'tween deck. Now you see it has a very fine 'tween decks, because I have 9′ 6″ of space here, a very high 'tween decks. I am putting in refrigerating machinery here—

By the Chairman:

Q. When you say "here" you are pointing—A. Aft, here, to the extent of 12,000 cubic feet.

By Mr. Symington, K.C.:

Q. Then, Sir William, if you are through—

By Mr. Flintoft:

Q. Excuse me, but just as a matter of explanation, is that what you call the main deck, or the 'tween decks, in the net registered tonnage?—A. The 'tween decks certainly is, but not the shelter deck.

By Mr. Symington, K.C.:

Q. Is this space which lies between these two decks in the net registered tonnage?—A. No. It carries cargo, of course, but they would not allow—

By the Chairman:

Q. What was your answer to Mr. Symington's question?—A. No, it is not. All the space used for carrying cargo, of course, is included in the tonnage.

Q. That is what I thought, but I understood you to answer directly to the contrary.

By Mr. Symington, K.C.:

Q. Sir William, let us get this clear now, because there is a twist here. You see this space between the two decks?—A. Yes.

Q. From what I gather from the whisperings going on around me here among the steamship people, is that included in your net registered tonnage?—A. Certainly.

Q. You answered no before.—A. No, no.

Q. That is the answer; that is all you have to say?

Mr. Flintoft: Let him explain, if he wishes to.

By Mr. Symington, K.C.:

Q. Your answer is yes, that this is included in your net registered tonnage? —A. Yes.

Q. And that is the space, Sir William, as I understand it, where you say you can carry a large amount of mixed cargo?—A. Yes, and cattle.

Q. How does that compare, as far as you know, in quantity, with the other cargo liners running on the St. Lawrence?—A. In quantity?

Q. Yes, or cubical space?—A. The cubical space is here. If you multiplied 9′6″ by about 400, by 42′ beam, it would give you the cubical contents.

Q. I do not want to get the figures, I asked generally speaking, how does it compare with other types of cargo boats?—A. I have far more cubical capacity in this ship. I have about 116 cubic feet to the ton dead weight, in these ships, which is very much in excess of the ordinary cargo ship.

The CHAIRMAN: Do you have to refer to this plan any more?

Mr. SYMINGTON, K.C.: I just want this cleared up.

By Mr. Symington, K.C.:

Q. Sir William, the statement has been made that you have no space to carry general cargo. What I am asking you is this, is your space for carrying general cargo on this ship relatively as great or as much, for general cargo, as the general run of ships of the same type?—A. Absolutely.

By Hon. Mr. Stevens:

Q. Now, take this number five hold.

The CHAIRMAN: Will you put that question again, Mr. Stevens; we cannot hear.

By Hon. Mr. Stevens:

Q. My question is, in getting access to the holds number five and number four, can you stow cargo in this space between decks, where the hatch goes down?—A. Yes, certainly.

Q. You would have to close the lower hatch and then load your cargo on top of that?—A. Yes. The cargo, which you want to protect, you place on the top.

Q. And then load above that?—A. Yes.

By Mr. McKenzie:

Q. Which do you call the main or strength deck?—A. Theoretically speaking, this is the main deck (indicating on plan).

Q. This is the strength deck?—A. Yes, this is the strength deck.

Q. The second deck down?—A. Yes.

Q. And over that deck is, what is known as the shelter deck?—A. Yes. That is quite right. You might as well ask me if a pig has feet, and another one would say "no, he has trotters". It comes to the same thing.

Q. There are certain tonnage openings, that are known technically, as tonnage openings?—A. Yes.

Q. Is this not one in the after part of the ship, known as a tonnage opening? —A. Yes.

Q. As a matter of fact, the shelter deck is open right straight along?—A. No. The shelter deck is closed at both ends.

Q. I am speaking of the shelter deck.—A. Yes.

Mr. SYMINGTON, K.C.: You are speaking of the main deck now.

By Mr. McKenzie:

Q. I am speaking of the shelter deck.—A. Yes.

By Sir Eugene Fiset:

Q. This is a plan of the shelter deck, a plan of the 'tween deck, and this is the plan of your main deck (indicating on plan)?—A. Yes.

Q. You have the plans shown, one over the other?—A. Yes.

By Mr. Symington, K.C.:

Q. Now, Sir William, are the boats which are called for in the contract, generally speaking, superior to the Rio Dorado?—A. Yes.

Q. Why? In what way?—A. Because they have internal combustion engines, which will give them a greater cubical space for cargo. They will have, I think, more speed and have other advantages; for instance, there will be no necessity for coaling.

Q. They are larger, are they not?—A. They are 500 tons larger than the Rio Dorado.

Q. Have they cattle fittings?—A. They will have permanent steel cattle fittings, if it is necessary.

Q. For about how many cattle?—A. About 450 each.

Q. 450 head, each; permanent cattle fittings?—A. Up to 500 head.

Q. Provision being made for cold storage, refrigeration?—A. Yes.

Q. Now, Sir William, during Mr. Preston's evidence, there was a statement made that these ships had been contracted for by you, prior to this contract?—A. Yes.

Q. Is that so?—A. That is right.

Q. That is right?—A. Yes.

Q. What was the contract? What was the nature of the contract?—A. The contract was with Harland & Wolff. I made the contract with the late Lord Perry.

Q. And it was for ten boats?—A. Ten boats, yes.

Q. Of the present type? I mean, in all respects, the same?—A. Yes, I had a right to have any modifications I wanted in the ships, but practically the same type of ship, the same size.

Q. Were those boats to be built at once?—A. No. I had a great limit—two years—to build them.

Q. To build the ten?—A. Yes.

Q. To order the ten, I mean?—A. I need not have ordered these first ones, but I did so during Lord Perry's absence from home, in order to make a start, but at that time I ordered these boats and laid these boats down. I had not met Mr. Preston on this question.

Q. These boats were actually started, two of them, before you ever met Mr. Preston, before you knew anything about the Canadian contract?—A. That is right.

Q. And you had a contract, which permitted you to order the same ships, up to the number of ten, within two years?—A. A long period. I think it was two years or two and a half years; something like that.

Q. Now, then, were these boats for any particular trade, when you originally——?—A. I designed these boats for some other special trade.

Q. Some other special trade?—A. Yes.

Q. Not Canadian?—A. No, not Canadian.

Q. And when this contract was signed or entered into, did you make any changes in the boats? That is what I want to get at.—A. Yes. Of course, the boats were then building. When there was a question of the contract with the Canadian Government, I then made up my mind to have certain changes; for instance, cattle fittings and refrigerating space and things like that, which I am ready to put in now, which are being fitted in those two ships already building.

Q. One, I understand, has been launched?—A. One has been launched.

Q. And will be completeed, when?—A. Will be completed in about six weeks' time from now; four or six weeks.

By Mr. Shaw:

Q. I wonder if Sir William would tell us for what particular trade the boats were specifically designed at the outset?—A. For which trade?

Q. I understand from you they were not designed for the Canadian trade? —A. For some other colonial trade. If you would excuse me, I would rather not give that point away. It is part of my business.

By Hon. Mr. Stevens:

Q. It is part of your stock in trade?—A. Yes. I had some other colonial trades in view, at the time I laid down these boats.

By Mr. Symington, K.C.:

Q. So that the net result then of the boats that you have ordered is that the difference has been the putting in of permanent cattle fittings, and the preparation for the refrigerating space?—A. That is right.

Q. Does that cover the only differences it made?—A. When I say that, the refrigerating space means not for frozen meat, but I have space for butter and eggs, and of course I take the orders from the Minister of Agriculture and the Minister of Trade and Commerce, as to which other modifications they want in the boats. If they want a large space for frozen meat, I would be bound to put it in. I would rather not do it, but I would be bound to do it.

Q. Sir William, are these cattle fittings stationary or immovable, these steel cattle fittings?—A. They are permanent, but, of course, they are fixtures, in a way; but permanent fixtures, which you can take out if you like.

Q. What I was trying to get at was, whether you could load cargo, if you did not have cattle, in the space?—A. Yes, take them down.

Q. These steel permanent fittings can be taken down and put up?—A. Certainly.

Q. Then, Sir William, coming to the contract itself, you have told us you came to Canada last year, and the contract was negotiated and signed by yourself?—A. Yes.

Q. First, let me ask you, have you read the speeches of the Prime Minister and the Minister of Trade and Commerce, on the subject, in the House?—A. Yes, I have.

Q. Do they correctly, so far as you are concerned, set forth the intention of the contract?

The CHAIRMAN: We take it for granted, Mr. Symington, that the Ministers of the Crown correctly set forth that question.

By Mr. Symington, K.C.:

Q. Under clause one, there is a provision for assigning the contract to a company?—A. Yes.

Q. I ask you whether you have any obection to clause one being added to, in order to provide that you shall be personally liable under covenant for the construction and putting into operation of the boats?—A. I have no objection to it being modified to that extent.

The CHAIRMAN: Will you forgive me if I ask you to ask him at this point if he would have any objection to remaining on the covenant for the term of the contract?

Mr. SYMINGTON, K.C.: I have not asked him that, because I understood, in shipping circles, that it is an objection to remaining, because if the Lusitania goes down—

The CHAIRMAN: He can say no, and give his reasons for it.

By Mr. Symington, K.C.:

Q. What is your reason for wanting to assign the contract at all?—A. Simply to cover my liability, under a ship contract liability, which is very heavy, such as you have just mentioned, a running down clause, for instance; it means I would be personally liable for any damage done to another ship or for any lives lost; and another thing, I would be financially personally liable for debentures interest and charges. These liabilities and risks, I would like, naturally, to transfer to a limited company.

Q. Have you any objection in connection with this company, to a proviso that the majority of the stockholders shall be Britishers?—A. British?

Q. Yes.—A. Certainly not. I have no objection myself.

Q. Or have you any objection to the list being approved by the Minister at the time of the signing?—A. Certainly not.

Q. Then turning to clause "A" which is the covenant to equip, provide and establish these boats?—A. What clause is that?

Q. 1-A. Have you any objection to adding at the end of it: "And the ships engaged in such service shall be engaged in no other service without the consent of the Minister"?—A. Certainly not. That was always the intention.

Q. Then clause 1-C is the clause dealing with the boats which you are to put in while the new boats are being completed. You will see that you are called upon to put in boats pending completion, other ships of modern construction properly equipped and of approximately the same tonnage?—A. Yes.

Q. Have you any objection to adding the words: "And speed" there?—A. No.

Q. So that the boats that you will have to furnish in the meantime shall be of approximately the same tonnage, class and speed?—A. That is right.

Q. Then 1-D, that the control and regulation of the rates to be charged by the contractor shall rest with the Government of Canada and that the Government shall fix such transportation rates on all commodities from time to time.

Have you any objection to adding to that something along this line:

> "And the contractor covenants and agrees to carry all freight offered at the rates fixed as aforesaid provided always he has cargo space available therefor, preference of space in all cases to be given to Canadian shippers."

A. Quite agreeable.

Mr. MONTGOMERY, K.C.: That is 1-D.

Mr. SYMINGTON, K.C.: Yes.

By Hon. Mr. Stevens:

Q. An interesting question might be asked there, whether Sir William would agree to accept freight as directed by the Minister?—A. Quite.

By Mr. Symington, K.C.:

Q. Then 1-F, Sir William, which is the immigration section, provides for future boats being agreed upon for immigrants, and the language is: "When the parties hereto agree." The parties might never agree. What I am going to ask you is, if you would agree with respect to those boats that they will be supplied if and when the Minister of Trade and Commerce requests the establishment of such service?—A. Yes, certainly, but of course that would entail a certain amount of negotiation and consideration, would it not?

Q. I suppose it would.—A. Yes.

Q. As I understand the contract, if you put in these new boats, the subsidy applies—an added subsidy for the boats?—A. Yes.

Q. Now if the Minister came to you and asked you to put some immigrant boats in—what I am asking you now is, would you be willing to do it or not?—A. Certainly. He has a right to go elsewhere, and unless I worked loyally with him, or with the Government, he would not ask me, he would go somewhere else to someone who would work loyally.

Q. Of course we are down to words now here, Sir William. If you are not satisfied or would like to look this over during the adjournment, say so. All I am asking you is whether if the Minister ordered you to put in immigration ships on the basis of this subsidy, would you do it?—A. Certainly.

Q. And you have no objection to making that clear in the wording of the contract?—A. None whatever.

The CHAIRMAN: Would that not involve the striking out of a considerable number of words at the end of it?

Mr. SYMINGTON, K.C.: Yes, sir. I have just scribbled down these things and I take it that instead of, "when the parties hereto agree" it would be "when the Minister orders the establishment." That would be what it would amount to.

Hon. Mr. STEVENS: Let us read that clause as you suggest that it should be amended, and let Sir William state definitely. It would read, if Mr. Symington's suggestion were carried.

Mr. SYMINGTON, K.C.: Remember, my language is simply a rough draft, it is getting the idea.

Hon. Mr. STEVENS: I understand. "That the contractor will personally" and so on "undertake to carry emigrants from Great Britain or the Continent of Europe at rates to be fixed by the Government, and carry all Canadian mail free if and when the Minister directs the establishment of a passenger service or other steamers suitable for the carriage of emigrants in conjunction with and under the control of the shipping company."

Mr. SYMINGTON, K.C.: Yes.

By the Chairman:

Q. That might involve the placing of a different type of steamer on the route?—A. Yes.

Mr. SYMINGTON, K.C.: Quite so. I take it that it would involve a different type of steamer of course.

By Mr. Symington, K.C.:

Q. Then with respect to Clause 3, Sir William, you will note that this subsidy payable to the contractor is based on the operation and maintenance of a service of ten ships.—A. Yes.

Q. Would you object to the insertion of the word "continuous" before "service"?—A. Certainly not.

Q. And after the word "ships," "all of which shall be regularly and continuously employed in the service."—A. Certainly. That was the intention.

Q. Then, again looking at clause 3, Sir William; to clear up a point there; that is the point as to whether you can increase the ships without the consent of the Minister and get the subsidy. Would you have any objection to making that clear by words something like this: "That no increase in the number of ships so operating can be made without the request in writing of the Minister of Trade and Commerce as hereinafter in Clause 6 provided." That is, was it the intention that you could not put on any more ships without an order from the Minister?—A. Certainly not.

Q. And you have no objection to making that clear in the contract?—A. None whatever.

Q. Now, Sir William, after listening to your evidence and the evidence of your officers particularly, why, on the showing of your ability to operate, do you ask for a subsidy at all?—A. Why? Because I could not think of throwing in a line of ten ships into this trade, for Canadian trade, without a guarantee. I would be running up against all the Conference lines, and I feel quite sure I would be boycotted.

By Hon. Mr. Stevens:

Q. Boycotted? By whom, Sir William?—A. By the Conference lines.

Q. What about the shippers? They have something to say in it?—A. No, the shippers unfortunately have very little to say, Mr. Stevens.

Q. What do you mean by that, that the shippers have little to say.—A. The shippers have no control whatever over the shipping lines.

Q. But they have control over cargoes.—A. Yes, but if the Conference lines happen to cut the rates down to 2/ a ton, the shippers would jump at it; it would be a fine opportunity for them, wouldn't it?

Hon. Mr. STEVENS: Surely.

Mr. SYMINGTON, K.C. You know what happened the Reardon Smith line.

By Hon. Mr. Stevens:

Q. When you say you are afraid of the competition of the Conference lines, that is a competition by the cutting of rates?—A. Yes; to such an extent that it would make it impossible for me to run; because it is a very powerful concern, Mr. Stevens, and for a small man like me to get in there and buck up against them without some backing would be futile.

By Mr. Symington, K.C.:

Q. You have had some experience with them, as you have already told us? —A. I have yes, to my sorrow.

Q. Have the British shipping lines large connections in the Old Country with the shippers, the manufacturers?—A. The shipping lines? The Conference lines, do you mean?

Q. Yes?—A. Yes, they have. They have their connections worked up through very extensive agencies and channels they are able to keep open, and have been able to keep these shippers absolutely under control, for fear of losing their connections—their shipping.

Q. In other words, I take it from a previous answer, you want cargo and you are not prepared to fight for it alone against the Conference, is that it?— A. That is it, yes.

Mr. SYMINGTON, K.C.: I think, Mr. Chairman, the hour being a quarter to six, perhaps Sir William is getting tired.

By Mr. Rinfret:

Q. Sir William, how will a subsidy provide a cargo?—A. I did not hear the question.

By the Chairman:

Q. How will the receiving of a subsidy by you, enable you to get cargo?— A. It will not enable me to get cargo; but it will be an insurance policy for me against any onslaught on me, or boycotting of me; preserving my position in the trade here, and without that insurance policy I would not attempt it. You see, if I do not get my fixed charges covered and secured, I could not attempt with a fleet of such expensive steamers to run a service haphazard against a very powerful combination of shipping Conferences.

[Sir William Petersen.]

The CHAIRMAN: Gentlemen, we have been sitting continuously for more than two hours, and the witness has been on the stand for more than two hours. I would suggest an adjournment until, shall we say this evening?

Mr. DUFF: Say eight-thirty.

The CHAIRMAN: Yes. Then this Committee stands adjourned until eight-thirty this evening.

The witness retired.

The Committee adjourned.

The Committee resumed at 8.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

The CHAIRMAN: The Committee will come to order. Mr. Symington, have you some further questions to ask Sir William?

Mr. SYMINGTON, K.C.: Just one or two.

Sir WILLIAM PETERSEN, recalled.

By Mr. Symington, K.C.:

Q. Sir William, when we adjourned I had asked you why, in the face of the figures, you required any subsidy at all, and you had made your answer. Now, I ask you why, in the face of the figures, a subsidy of £275,000 was suggested or contracted for; what moved you to that figure?—A. Because the government would have absolute control of rates and could make my rates anything they liked. It might cut into my operating expenses, and in order to cover my fixed charges on capital debentures and preference shares, it would be necessary to protect them, under the circumstances.

Q. That is, as I understand it, you say that having delivered to the government absolute control of the rates of operation, it was necessary to fix a subsidy of a sum of that character, because of their ability to fix rates below operating expenses, and cause losses?—A. Yes, and not only that, but because the government, under that contract, would have full power to direct my ships where they liked, and they might put me into unprofitable routes.

Q. That is, to different ports?—A. Yes.

Q. The creation of different lines?—A. They might order some ships to Spitzbergen, for instance, voyages which might incur great losses.

Q. Yes. Now, Sir William, having in mind your previous answers and your last answer, and leaving the absolute control with the government, and the subsidy as it is, would you have any objection to a proviso that if the government, in their absolute power of fixing rates, fixed rates which did not cause a loss in operation, but a reasonable return on investment, then there should be no subsidy?—A. Certainly.

Q. Or if they fixed rates which caused a deficit, that the amount of the subsidy should only be that deficit, up to the maximum fixed by the contracct? —A. Quite. I would be quite agreeable.

Q. Then, Sir William, there has been some doubt cast here in the minds of a good many, I believe, in the face of your figures, particularly, and the auditor's report of the figures of the steamship companies, and there has been rather surprise expressed by the Combine steamers as to your operating figures. —A. Yes.

Q. I suppose you have no objection to any test to which the committee may put the accuracy of the figures which you present to them, as to your costs of operation?—A. No objection whatever.

Q. Of any kind or character?—A. Absolutely. Might I add that the committee might put experts on board my ships—

The CHAIRMAN: Just say that again a little louder, Sir William.

By Mr. Symington, K.C.:

Q. Just give us the answer. You were saying the committee could put experts aboard your ships.—A. I would be quite agreeable to have the committee put engineers or nautical experts of any kind aboard the ships. I will sail them free and feed them free and put all the cards on the table and have them report to the committee their experiences, independently of captains or engineers or anybody aboard my ships.

Mr. DUFF: You say you would put all the cards on the table; you might be a better poker player. But I understand.

The CHAIRMAN: Now, have any members of the committee questions they would like to put to Sir William Petersen before I ask Mr. Montgomery to take the witness.

Sir HENRY DRAYTON: I think I would sooner wait.

Hon. Mr. STEVENS: I would like to ask a few questions, if I might.

By Hon. Mr. Stevens:

Q. Sir William, this afternoon you referred to the control stations in Germany?—A. Yes.

Q. I think you stated that because of these control stations and the way they were operated, it caused you to bring your passengers around outside of German territory?—A. That is right.

Q. And I gathered from you that you claimed the cause of that, or those responsible for it, were the steamship companies?—A. Well, of course the control stations were put there by order of the German government, and I think that the German government were, at that time, prompted by the German pool lines, and as the German pool lines and the North Atlantic Conference worked hand in hand, the same conditions would apply to both.

Mr. SHAW: May I suggest that Sir William Petersen sit back a little, and we could hear him probably better.

The CHAIRMAN: I will ask the reporter to read the last answer by the witness as some members of the committee did not hear it.

(Whereupon the reporter read the last preceding answer.)

By Hon. Mr. Stevens:

Q. Now, I have here the report of the Commission regarding shipping and shipbuilding, of 1918. You doubtless know that report?—A. Yes.

Q. At page 481 of that report, and under the heading, "Report on German Control Stations and the Atlantic Emigrant Traffic" which would, I think, deal directly with the subject, I want to read a few extracts and get your views in regard to them. Section 35 of that part, page 481, reads as follows:

> "Moreover, passengers of British steamship lines were subjected to every kind of inconvenience, designed to make them change their route and travel by German lines. Their tickets were often forcibly taken from them and not returned to them for days, whilst in the interval these poor people were left to incur expense at the control stations which they could ill afford, and were often forced to return home. Meanwhile, agents of the German lines sought to cajole them into buying tickets over the German lines, generally by threatening to have them sent back to their homes if they did not comply."

Then follow a couple of examples submitted by the Cunard and the White Star lines. Does that not indicate to you that these iniquities complained of were caused by the German lines, in co-ordination with the German government, as against British lines, Conference or otherwise?—A. No, Mr. Stevens, I hardly think so, because at that time the German pool lines and the North Atlantic Conference—including the Cunard line and the White Star—were working together in harmony, and although the English companies would not have any power in Germany, yet I think they connive with the German pool lines to keep these control stations up.

Mr. SYMINGTON, K.C.: Mr. Stevens, might I ask what year they are referring to there?

Hon. Mr. STEVENS: This report is made in 1918. It deals with the control station subject, undoubtedly in pre-war days, but this report is made in 1918.

Mr. SYMINGTON, K.C.: Probably that would be quite correct. I think the situation changed probably about 1910, I am not sure.

Hon. Mr. STEVENS: I think, Mr. Chairman, this is important, because it has been constantly referred to.

By Hon. Mr. Stevens:

Q. Sir William, in view of this important commission making this report in 1918, do you consider that they would do so if the subject matter of the report were false or would give a false impression?—A. No, I do not think that they wanted to give a false impression.

Q. Do you not think that this report of that Commission which carried on this investigation deserves credence?—A. Yes, I do.

Mr. DUFF: Pardon me, Mr. Stevens, were they all German lines or all British lines?

Hon. Mr. STEVENS: "Passengers by British Steamship Lines are subject as in contra distinction to German lines." I might say that this runs through the whole complaint, that British lines did not receive a square deal as against German lines.

Mr. DUFF: But were they referring in that report to all British lines or just to some British lines?

Mr. SYMINGTON, K.C.: The reason I asked Mr. Stevens the question was because of the Alexander Report, which shows that at the date we are discussing it did not matter whether it was British lines or all British lines; the receipts were pooled after a certain percentage, and in view of the Alexander Report, which fixes the years, the year that that Commission was dealing with became very important.

Hon. Mr. STEVENS: If we are going to deal with this question by argument instead of questions, we might as well have the argument now. The point Mr. Symington has reference to in the statement he has made, and which he has stated before, is not borne out by this report, which is the important report on the subject. This report indicates that in 1918, subsequent to the war, the fear of the British lines was the unfair competition, as I shall indicate if I have an opportunity, by quoting a few more passages; that it was this fear of continued competition of the German lines, subsidized secretly or openly by the German Government, or working under regulations from the German Government, which militated against competing foreign lines. I have here another clause which I would like to read.

Hon. Mr. SINCLAIR: If you can indicate just what year is being referred to, I would like you to do so, Mr. Stevens.

Hon. Mr. STEVENS: This report reviews the whole of the years preceding the war. It is a report made at the request of the Hon. Mr. Asquith, when he

appointed the Commission in 1916, and they reported in 1918, indicating what in their opinion should be the policy of the British Parliament and the British people subsequent to the war. During the war necessarily this competition was not in existence.

Hon. Mr. SINCLAIR: Quite so; but during the 15 years previous to the war, very many rate wars took place.

Hon. Mr. STEVENS: This runs up to the years of the war, but the report is stated to be as between 1916 and 1918. I think if you will follow me in a few more quotations, Mr. Sinclair, it will be made perfectly clear what was in the mind of the Commission.

Here is another clause:—

"In short, we make the following recommendation"—and this is in this special part dealing with emigrant traffic—

> "Control Stations in Germany and Austria-Hungary should be abolished except for the purely sanitary inspection maintained in other countries. It should be insisted that this work be managed by a public authority entirely independent of any German line."

By Hon. Mr. Stevens:

Q. Do you agree with that, Sir William?—A. Do I?

Q. Yes?—A. Well, yes, I do, at that date. That was in 1918, was it?

Q. Yes, that was in 1918.—A. Yes.

Q. In another section of the report, on page 542, dealing with international competition and navigation policy, I find the following:—

> "At the outset of this enquiry it is advisable, therefore, to restate in general terms our previous conclusion;"—

and this is the previous conclusion:—

> "The one fundamental condition of our maritime recovery is the early release of shipping from government control, the maintenance of private enterprise in the shipping and shipbuilding and the consequent repudiation of any scheme of state ownership in either industry after the war."

What is your opinion upon that point, as an experienced shipowner and operator?—A. What are you referring to, Mr. Stevens?

Q. I am referring to this principle that they laid down.—A. Are you referring to the German pool lines?

Q. No, I am referring to the release of British shipping.

By the Chairman:

Q. Mr. Stevens has just read an opinion given by those commissioners against state ownership and in favour of private enterprise in shipbuilding and ship operation, and he asks you if you agree with the expression of opinion given in that report?—A. Yes, I think I do.

By Hon. Mr. Stevens:

Q. Here is another clause regarding rate cutting. It is at page 573, article 255:—

> "We have received a large number of complaints as to the frequency with which the German lines cut rates agreed to in the Conference, the object being in nearly every case to get a temporary trade advantage."

The question I would ask you in regard to that is this: does that not indicate that there was conflict between the German and the British lines?—A. At what date?

Q. This is in this report of 1918?—A. Yes, of course; there is no doubt about that. There was.

Q. Then it continues:—

"In other cases, the German steamship companies shipped goods at low, and even unremunerative rates, in order to obtain a footing in a new trade or to destroy the competition of foreign lines."

Have you ever experienced that from the German lines?—A. I know of that, yes; it has been done.

Q. Then it continues:—

"There is reason to believe that the success of the Hamburg-American Line in the Persian Gulf was due directly to this cause; whilst the threat of a German service to New Zealand forced the British companies engaged in that trade to ship goods from the Continent at lower rates than they were able to allow for similar goods exported from the United Kingdom."

Are you aware of that?—A. Yes.

Q. That is correct, is it?—A. I think so, yes.

Q. That the reason they gave lower rates than the Continent was that they were forced to do so by the competition of the German lines carrying goods at an unremunerative rate?

Mr. Symington, K.C.: To Australia.

Hon. Mr. Stevens: Let Sir William answer the question.

The Witness: I would like to think about that. I would like to think that over. I have my doubts about it.

By Hon. Mr. Stevens:

Q. I will read it again, if you like?—A. It is not necessary, Mr. Stevens. I would rather not enter into any controversy. I would like, if possible, to confine my energy and the little ability I have to the Canadian end of it.

Q. You made the statement this morning, and it was accepted here as evidence, that the cause of your difficulties in dealing with Continental affairs was the Conference Lines?—A. Yes.

Q. That is what I am pointing out to you; it is through the whole report, and I could read reams of it if necessary, which indicates that there was severe competition between British and German lines both in and out of the Conference, that the Germans did not maintain the rates, but cut them to an unremunerative rate. I think it is worth reading again.

"In other cases, the German steamship companies shipped goods at lot, and even unremunerative rates, in order to obtain a footing in a new trade or to destroy the competition of foreign lines. There is reason to believe that the success of the Hamburg-American Line in the Persian Gulf was due directly to this cause; whilst the threat of a German service to New Zealand forced the British companies engaged in that trade to ship goods from the Continent at lower rates than they were able to allow for similar goods exported from the United Kingdom."

A. Yes.

Q. I was asking you if you knew from your experience that to be correct, and whether you agreed with that statement—A. Of course you might expect anything from a German. They did many things which were apparently contrary to our ideas of doing business. At that time I was in the European war, and I was not in the American trade, Mr. Stevens. I am quite sure they had no thought but to get into the trade, and tried to cut into the trade. We had some new trades then. However, I had not seen that contract, and I would like to have a read of it.

Q. Here is another one, at page 575, under the heading of "Rate Anomalies":

"A distinction must be drawn between the preferential rates complained of in the New Zealand trade and the ordinary variation of rates that may result from competition. The British shipowner has to compete with the foreign shipowner in the provision of services, just as the British manufacturer has to compete with the foreign manufacturer in the supply of commodities. To meet such competition rates for foreign goods may at times be lower than rates for British goods,"—

Is that correct?—A. I could not tell you, Mr. Stevens whether it is or not; it is a matter I have not studied, and I have not read that before.

Q. It is a very interesting report?—A. It seems to be.

Q. It is one of the best on the subject. I quote again from page 575, section 269, under the heading "Conference Agreements."

"We have now to consider briefly the question of Conference Agreements with the German Lines, to which our attention was specifically directed. We shall endeavour to show first how these agreements operated and we shall then consider whether they were desirable.

The immediately preceding paragraphs illustrate an important aspect of the Conference question. In the case of the preferential rates to New Zealand, the apparent prejudice to British trade was due directly to the disinclination of the British lines trading to the Dominion to enter into any such agreements with the German lines."

That does not bear out what you say about there being any close relation; it indicates however that there was a disinclination on the part of the British lines to enter into agreements with the German lines?—A. Just so; it seems so.

Mr. DUFF: This follows; the report was written after the war. Do you not think these men who made the report were influenced by prejudice, in view of the fact of Germany having been in the war?

Hon. Mr. STEVENS: That is quite possible.

Mr. DUFF: I means as far as the war is concerned?

Hon. Mr. STEVENS: No, as far as their experience in shipping was concerned.

Mr. DUFF: But they had to deal perhaps with German brokers.

By Hon. Mr. Stevens:

"Broadly, Conference agreements are designed to prevent the kind of abuse which has attracted so much attention to the New Zealand trade, but immunity from such abuse may be bought at too high a price. Shipping, however, could not subsist on rate wars, and the whole object of the conference is to avert that and to produce equality of rates and stable conditions in the ocean trade."

You stated you had wide experience of the Conferences?—A. Yes.

Q. What is your opinion of that statement, by this important commission: "Shipping, however, could not subsist on rate wars, and the whole object of the conference is to avert that and produce equality of rates and stable conditions in the ocean trade."—A. Would you mind repeating that?

Q. In view of what you said—A. That report is issued by whom?

Q. This report is issued by a special commission, which was appointed by Mr. Asquith in 1916, and which reported in 1918, on British shipping and shipbuilding. The part I read was this:

"Broadly, conference agreements are designed to prevent the kind of abuse, which has attracted so much attention to the New Zealand trade, but immunity from such abuse may be bought at too high a price. Shipping, however, could not subsist on rate wars, and the whole object

of the conference is to avert that and to produce equality of rates and stable conditions in the ocean trade."—A. The sentiment is all right but the practice or the experience does not seem to coincide with that.

Q. It is a desirable object?—A. I never saw a conference stabalize rates yet, in all my experience. I never saw any monopoly in shipping, in a combine, able to stabalize rates at any time.

Q. You do not think it is possible to stabalize rates?—A. I do not say that it is not, but I think that very great advantage is taken of the power of a combine of any kind, and I think many people, in various trades, are made victims of such combines and conferences.

Q. You are speaking generally, now?—A. Well, generally, my experience is all over the world. I have followed them all over the world, and I have felt that this is my experience. There is nothing like, in shipping, as in anything else, open competition, and let the best man come to the front.

Q. Now, take this further clause, on page 592:

"If the control of freights is confined simply to certain commodities of primary importance, a preference will be given to the carriage of all other commodities and the result will, therefore, be the exact opposite to that intended."

I think, Mr. Chairman, this is worthy of thought, even by your august self.

The CHAIRMAN: I will listen with great attention.

By Hon. Mr. Stevens:

Q. "If the control of freights is confined simply to certain commodities of primary importance, a preference will be given to the carriage of all other commodities and the result will, therefore, be the exact opposite to that intended. If the control of freights is confined to particular trade routes, British tonnage will be diverted from those trade routes to others in which the freights are not controlled."'

This is a very pertinent question and one very directly bearing on our present status. This report indicates, by its conclusion, that if the control of freight rates is confined to particular routes, British tonnage will be diverted to routes in which freights are not controlled. What do you say in regard to that?—A. I have never seen that in practice, and I do not believe it. I believe the British lines would fight as hard as any line, to maintain their position in any trade, in open competition.

Q. In open competition?—A. Yes, in open competition.

Q. Yes, but this says "control of rates and routes?"—A. Now, in order to break down an agressive conference or combine, you must adopt certain measures to oppose them, and therefore, I can only use the illustration, with which we are busy here, at present in this Committee, and I know of no other remedy; if the shippers here are penalized by the lines, by an excessive rate, the Government should have it in their power to control those rates. I know of no other remedy that has been proposed to control rates. It never was the intention of the English Government or any other government, to bring down rates to such an extent that it would be impossible for any other line to sell, without making reasonable profits. It would not be business; it would not be politics, and it would not be common sense; but at the same time, I think, it is reasonable, where rates of the whole of this country are controlled in Montreal, New York, and London, that the Government should have some control of the rates, at all events to prevent any excessive rates which might be put up by any conference or by any part of the conference at any time. It means no breaking up of any conference or the breaking up of any shipping combine. That was never the intention I take it, of the Government or any other sensible power. The thing

is, when shippers make reasonable complaints, that they are, for instance, prevented from sending their goods overseas to the market, on account of excessive ocean rates, and the Committee will not listen to them, they should have a court of appeal, such as the Government to appeal to, to help them out of the situation, and that they should have the power or the right to fix certain rates, according to the complaint brought in. That is my idea of the control of rates.

Q. You say, in a condition where the whole of a country's freight is controlled by a combine—in a country where half of the goods were moving outside of the combine, would you consider that the combine then exercised a control that was dangerous?—A. I do not know of such a condition existing in any country, because I can show you a map here, where the whole of the world's shipping is, to-day, pretty well controlled by conferences, and you hardly know where to go with a ship now, to keep clear of their sway somewhere. I do not know of any country which is controlled, one half by somebody, some power, and the other half free. I would like to know it.

Q. You contend then, that all tramps are controlled by the conferences?—A. All tramps?

Q. Yes.—A. No, indeed; on the contrary, the tramps are the only poor creatures who are free of the conferences unless they are bought over.

Q. Then, if the tramps moved a substantial portion of the freight of a given country, it would indicate that that country's traffic was not controlled by the conferences? They would not get the rates because the conferences control them as a rule?—A. We have not a tramp fleet in the world to compete, to-day. I have heard statements made that millions of tons are locked up in Great Britain, of idle tonnage. That I doubt. It is true to a certain extent, but they are all scrap heaps. If you put them in competition, they could not compete with anything. You could not float some of them; so you might look upon the whole of the millions of tons, locked up in idleness to-day, as absolutely useless. I expect Mr. Henry Ford will come and make an offer for them some day, but I can say that it will be impossible to put them into any use at all in comparison with any ordinary ship.

Q. Even so far then, as a country's goods were moved by tramps, to that degree they would be free of the conference or combine control?—A. Yes.

Q. There is another clause. This is the report by the British Commission, at page 593:

> "For these reasons we are convinced that the permanent regulations of freight rates, by the Government, to meet isolated cases of complaints, would not only impair the prosperity of British shipping, but would be highly detrimental to the wider interests of British merchants and manufacturers, whose needs can only be satisfied by a great and efficient mercantile marine. The complaints put forward by traders have arisen, very, very largely, due directly to international competition. They are due, in fact, to the necessity sometimes imposed on British shipowners, of having to sell their services abroad, at lower prices than at home, in order to maintain their position in a given market—a practice equally adopted, where necessary, by other industries."

Now, the point I want to put to you, in order to secure your view is this: "For these reasons, we are convinced that the permanent regulation of freight rates, by the Government, to meet isolated cases of complaint, would not only impair the prosperity of British shipping——"

Do you believe that control of freight rates by the Government would impair the efficiency of the service of shipping to Great Britain or to Canada or to any other country, where the control was exercised?—A. Do you want my opinion on that?

Q. I ask you if you believe that the permanent control or regulation of freight rates by a Government—in this case it refers to the British Government —would impair the prosperity of shipping and the efficiency of the service?—A. That is a difficult question to answer because the conditions may be quite different in various parts of the world, quite distinct from Canadian conditions, —I am only, as I stated, concerned about that—but I take it that that report has been written by conference people.

Q. No. I will give you the names. It might be interesting for you to have them. I probably should have given them to you before.—A. I wish I had seen it before.

Q. Alfred Booth, Chairman; W. S. Abell; James Brown; G. S. Clark; Archibald Denny; H. P. Hooper; Summers Hunter; James Readhead; J. A. Roxburgh; Oswald Sanderson. I think their occupations, etc., are set forth here somewhere?—A. Yes, I know them all.

By the Chairman:

Q. Are they conference men or not?—A. Some are; some are not. Some are shipbuilders. Denny and Readhead, are shipbuilders.

By Sir Eugene Fiset:

Q. I suppose you are aware that Mr. Cleminson has given his evidence, referring exactly to appendix three, of the Board of Trade, the Committee on Shipping and Ship-Building, after the war, in 1918.

Hon. Mr. STEVENS: That only applies to such things as interfere with international relations.

By Mr. Duff:

Q. Would you give us the qualifications of some of the other gentlemen, who wrote that report?—A. Mr. Booth is of the Cunard Line, a Director of the Cunard Company.

The CHAIRMAN: Would you mind giving these names again, Mr. Stevens?

Sir EUGENE FISET: All this is in Mr. Cleminson's evidence.

The CHAIRMAN: I do not think that was the same committee.

Sir EUGENE FISET: The Committee on Shipping and Ship-Building, after the war, in 1918.

Hon. Mr. STEVENS: I was not reading appendix three, at all.

Sir EUGENE FISET: It is the same report.

Hon. Mr. STEVENS: That is in the first report. This is a second report. I have the names. I was just looking for their occupations. Alfred Booth.

The WITNESS: The Cunard Line.

By Hon. Mr. Stevens:

Q. W. S. Abell?—A. Lloyd's register, yes.
Q. James Brown?—A. Brown?
Q. Yes.

By Mr. Duff:

Q. Do you know his occupation?—A. I am not quite sure.

By Hon. Mr. Stevens:

Q. G. S. Clark?—A. Glasgow.

Q. Just a moment, there are just the signatures. I cannot find where their names are given.

Mr. MONTGOMERY, K.C.: Is the document appointing them there?

Hon. Mr. STEVENS: I was just looking for it. There are two or three here.

The CHAIRMAN: You might go ahead with the names, in the meantime.

By Hon. Mr. Stevens:

Q. Archibald Denny?—A. A shipbuilder on the Clyde, Dunbarton.

Q. H. B. Hooper?—A. I do not know him.

Q. Somers Hunter?—A. Somers Hunter, yes, an engineer, of Newcastle-on-Tyne.

Q. James Readhead?—A. A shipbuilder. Northsea. Southsea, rather.

Q. J. A. Roxburgh?—A. I don't know him.

Q. Oswald Sanders?—A. Yes.

Q. I think some of these are merchants. It does not seem to give their occupation but some of them are merchants, I know that, and some shipbuilders.

Mr. MONTGOMERY, K.C.: I am informed that Mr. Roxburgh is a tramp owner.

The WITNESS: Some of these names seem to me not quite the sort of names to pronounce upon an international, world-wide shipping problem. For instance, Mr. Readhead, a shipbuilder who lives in the narrow circle of his own works, only cares for ships being put out and to see what price he can get out of them? The same applies to Somers Hunter, an engineer, a charming man, a very able man; but it does not seem to me that this class of people have been in touch with the world generally and with commerce, and that class of people does not seem to me to be the sort of people to pronounce an opinion such as has been expressed in this report.

Hon. Mr. STEVENS: They are not pronouncing individual opinions. This is a joint opinion, a composite opinion. Then there is something on tramps here. No, I think that is all just now.

By Mr. Symington, K.C.:

Q. Before Mr. Montgomery starts, Mr. Chairman, there is one point I want to ask about. In the course of the examination, Sir William, it was stated that the Rio Dorado was a super-heated boat?—A. Yes.

Q. Have your other boats got super-heaters?—A. This is the only boat I have fitted with super-heaters.

Q. Has there been any difference in performance as between the Rio Dorado and your other boats?—A. None whatever.

By the Chairman:

Q. What does "super-heated" mean?—A. Super-heated steam, in order to get more efficiency in the cylinders.

The CHAIRMAN: Mr. McKenzie, I think you have some questions to ask Sir William.

By Mr. McKenzie:

Q. Just one or two questions in connection with the Rio Dorado, which I understand from you is a representative ship of the corrugated type?—A. Yes.

Q. I presume also that the last voyage of the Rio Dorado from Hull to Montreal was quite an average voyage according to your captain?—A. Was what?

Q. Was quite an average voyage?—A. Yes.

Q. You would subscribe to the statement of Captain Hocken?—A. Yes.

Q. Do you attribute that to the hull construction of the Rio Dorado?—A. I do.

By the Chairman:

Q. Attribute just what?—A. To the construction of the Rio Dorado.

By Mr. McKenzie:

Q. The efficiency of it. Now Sir William, as I understand the type of boat, such as a corrugated boat, it has two corrugations on the outside and then between the two corrugations there is an inner or a concave part?—A. Yes, that is right.

Q. And to avoid what is known as "dead water" I understand, on the propeller, that would be the important part of your corrugation, would it not?—A. Seemingly so, yes.

Q. The reduction of resistance is part of that performance of the corrugation, I understand, is it not?—A. Yes, it must be.

Q. Was the photograph that you showed us this afternoon a picture of the Rio Dorado as she came out here light?—A. No, that picture was taken somewhere in the east. I cannot tell you just where. The China Seas somewhere. I have another picture taken at the same time. It was not taken here at all events in Montreal.

Q. Did she come out loaded?—A. No, she came out in ballast.

Q. Came out light?—A. In ballast.

Q. I presume that is light?—A. By "in ballast" I mean without any cargo.

Q. There was some difference of opinion this afternoon, Sir William, on this point; I understood you to answer both positively and negatively as to the space which is confined between the weather deck or the top of the shelter deck and the main or strength deck.—A. Yes.

Q. As to whether or not that is included in the net tonnage. What is your answer to that?—A. This space between the shelter deck and the main deck, do not forget that, is 9 ft. 6 inches and carries cargo throughout, and consequently is not deducted, as in the register; it is included in the gross to be paid duty on—by the Government. Any ship is made to pay on the space in which it carries cargo. The only deduction made is the space for the crew, and the propelling space. I do not know whether I have made that clear?

Q. No, you have not made it clear to me. You know there are many of us who are not very familiar with seafaring and nautical terms, so it will be instructive to all of us along those lines if you will explain.—A. Does it not seem to you common sense that if I have a deck in the ship 9 ft. 6 inches high, 44 ft. beam, and 400 ft. long, the whole of that deck carrying cargo, payable cargo, should be reduced in the register and not paid dues on?

Q. That is not my question, Sir William. I am not asking you what should be, or ought to be, but what is.—A. Well, of course.

Q. In this instance, I am asking you whether or not the space which is known as I have called it, and as my instructions give me as the proper term, the shelter deck, that space as you have described it, and which is contained between the upper part of the shelter deck and the main or strength deck, is that contained in your net register?—A. No, the shelter deck where the accommodation is situated, is always deducted from the net register, as well as the propelling space, the engine room, the boiler space; but every part of the ship which carries cargo is not reduced—is not included.

By the Chairman:

Q. Or, is not reduced and is included?—A. Is included, that is what I mean. It is included. May I, Mr. McKenzie, enlighten you upon this and I will give you the schedule of the ship I showed you this afternoon, and you will be able to compare that with any other ship. If I may just draw your attention to this?

By the Chairman:

Q. Mr. McKenzie has a copy of the contract. It is found in number 1 on page 7 of the schedule of the contract. Schedule A, specifications, and parts

of the boat. But what Mr. McKenzie wants is this: you see, sir, without intending to, you answered the question both in the negative and the affirmative. As I understand it, there is a space between the two docks, and that space is counted in when the vessel is measured for her register?—A. Certainly.

Mr. DUFF: Where cargo is stowed.

The WITNESS: Mr. Chairman, this is the tonnage of the ship: 5,000 gross and 3,500 net. It is a very simple matter for Mr. McKenzie to compare this with any ship and he will see at once whether it is included or not. It is only a quibble to ask anybody, because the term "shelter deck" is very much misunderstood, and therefore I would like to make it perfectly clear, and the only way I can make it clear is to explain to you that any space in the ship in which cargo is carried is included in the tonnage.

By Mr. Duff:

Q. In the net tonnage?—A. Yes.

By Mr. McKenzie:

Q. Always, Sir William? Always included?—A. In the tonnage.

Q. Always included in the net tonnage? Is that what I understood you to say?—A. In the net tonnage? No. Let me again explain to you: take a square block, or a square box and measure the cubic content of that box; that is the length, depth and breadth multiplied together, and divide that by a certain constant, which the Government adopt. I do not know what the constant is. The result of that is the cubical contents and the gross tonnage of the ship. Deduct from that box certain spaces for anything you like, sweets, cigars, or anything you like in that box; these are deducted as luxuries or necessaries from the whole of that gross tonnage, and that becomes the net tonnage.

Q. Well, if you are perfectly satisfied with your definition of it, Sir William, I would ask the Chairman as to whether or not now he knows whether the shelter deck space is included in the net tonnage or not.

The CHAIRMAN: Well, he does. Of course it is, Mr. McKenzie.

Mr. MCKENZIE: It is included in the net tonnage.

Mr. DUFF: Wherever cargo is carried. Qualify yourself there, Mr. Chairman.

Hon. Mr. STEVENS: Quite right. There is a serious qualification there.

By Mr. Rinfret:

Q. Mr. Chairman, we will be all confused again. Can I put the question of a layman, neither a seafaring man nor a lawyer. Do I understand that on board your ship every space that can be occupied by cargo is counted as tonnage?—A. Certainly.

Q. Stop there, please then.—A. Yes, Mr. Rinfret, that is the proper way to put it.

Q. Do not confuse it again by new questions, that is the point.

The CHAIRMAN: Go on then, Mr. McKenzie.

By Mr. McKenzie:

Q. I think we have cleared that up, Sir William, at least to your satisfaction. There is another point you mentioned this afternoon.

Mr. MONTGOMERY, K.C.: Why not get that register? That is the thing that will show that one way or the other.

By Mr. McKenzie:

Q. Mr. Montgomery suggests to me that we have not yet received the ship's register of the *Rio Dorado*. When are we to expect that?—A. I am

exceedingly sorry because I left instructions, not only with the captain but with the agents in Montreal, to have it copied and officially certified, and I have information to the effect that that was done by the Customs authorities in Montreal, and I have been under the impression that it was sent here to the Committee, but whether it has been actually done or not, of course, I am not able to say, but I will inquire at the Custom House.

Q. At any rate, Sir William, that will clearly show whether or not the space we have been speaking about, the shelter deck space, is included in the net tonnage or not.—A. Well, certainly, yes, it ought to.

Hon. Mr. STEVENS: Mr. Chairman, we ought to have that, there is no question about it.

The CHAIRMAN: I agree with you, Mr. Stevens, and I have requested that it should be produced right away.

Mr. MONTGOMERY, K.C.: My point is, that that same captain who gave us all that evidence, distinctly understood that he was to produce it and undertook to produce it, and has gone away without producing it, and to say someone—the Lord knows who—has sent it up here, is a very unconvincing answer.

Mr. SYMINGTON, K.C.: Rubbish. He said he would arrange to get a copy, or give orders to have a copy made. Now all I can suggest to the Committee—I do not know what Sir William has on it—is that if we do not get it, you wire the Customs House officer in Montreal to send it; instruct the Clerk of the Committee so to do.

The WITNESS: Certainly.

By the Chairman:

Q. Sir William, we have not received that copy of the register yet. Is a copy of it available in Montreal?—A. Certainly.

By Mr. Duff:

Q. Where is it, in Montreal?—A. In the Custom House, certified to by a Customs official.

Q. That has been mislaid in Montreal, but unless the Custom House officer has it, it is impossible to get another copy there?—A. That is true.

By Mr. Symington, K.C.:

Q. What word have you got about this thing?—A. I got word that the register had been copied at the Custom House, where the register was kept, before it was handed back to the Captain, and that the copy had been forwarded to Ottawa.

Q. By a Customs man?—A. No, I think by the agents.

By the Chairman:

Q. Who are your agents?—A. The Whitney Company. I will telegraph to-night to ascertain what has become of the copy. I have no interest in keeping back the copy; there is nothing in it.

Mr. MONTGOMERY, K.C.: Excepting that it would answer the last question, over which we have spent ten minutes.

The WITNESS: Yes, but the question was not of very great importance, to my mind. You should be satisfied with it—as far as the records are concerned.

By the Chairman:

Q. Will you undertake to do that to-night?—A. Yes, but you will understand, Mr. Chairman, that a ship's register is always kept aboard the ship until it gets into port, and then it is inspected at the Custom House, and very often retained by the Custom House until to ship has cleared. That is what took place here.

Mr. MONTGOMERY: The Captain has gone away with that thing.

Mr. SYMINGTON, K.C.: You are too suspicious, Mr. Montgomery.

The WITNESS: The Custom House official copied it and certified to it.

The CHAIRMAN: Proceed, Mr. McKenzie.

By Mr. McKenzie:

Q. Do you regard 'tween-deck space as essential for the carriage of package freight?—A. Do I what?

Mr. MCKENZIE: Read the question.

(The question read).

The WITNESS: I do not understand that question.

By the Chairman:

Q. Sir William, do you regard 'tween-deck space as essential for the carriage of package freight?—A. A most excellent place in which to carry package freight.

By Mr. McKenzie:

Q. Do you regard it as essential?—A. The 'tween deck? Certainly.

Q. It is essential for package freight?—A. Yes.

Q. Now, let us carry the argument we have had along, in regard to where we are going to carry cattle?—A. Yes.

Q. I understand 450 head would be carried by one of your ships?—A. 450 or 500, yes.

Q. That would fill your 'tween-deck space?—A. Yes, if we carried them in the 'tween deck, it would, during the winter, but we could also carry them on the shelter deck—or a great number of them.

Q. Where is the shelter deck? I thought that was the 'tween deck.

Mr. SYMINGTON, K.C.: You know very well what he means.

The CHAIRMAN: Call it the top deck and the bottom deck.

Mr. RINFRET: Why not give them a number, deck No. 1 and deck No. 2—how many decks are there?

The CHAIRMAN: There are just two decks in the ship, Mr. Rinfret.

By Mr. McKenzie:

Q. There is just one more point I want to clear up, Sir William, and it is regarding what you technically described as "slip"?—A. Yes.

Q. I understand your ships are not known to have that particular defect?—A. I do not think I said that. We all have our little faults, but the faults are very greatly minimized on the Monitor ships, the corrugated ships.

Q. But the other ships, the inferior type of ships such as the Conference lines use, would run anywhere between 20 and 30?—A. No; I would say the superior ships run by the Conference lines would have a much greater slip.

Q. This would be between 20 and 30, I understood you to say?—A. No, I did not say anything of the kind; I said it might run to that. I do not think you quite appreciate what "slip" means.

Q. I am quite sure I do not, Sir William, and I would be glad to have your elucidation?—A. If the propeller runs normally in a solid mass of water, with a steady ship, and carries out the whole performance expected from that propeller, she would have no slip at all, but it sometimes takes place, either by the motion of a ship or by the water, bad weather, a dirty night at sea, with the ship rolling, and she loses the efficiency of her propeller by slipping, and by that slip her speed is impaired, and it increases her consumption. Therefore, a ship that has little slip is gaining all the time in every respect, and that is what takes place on my ships; they have a minimum slip and go ahead all the time, with the propeller moving in solid water.

Q. What would you estimate that slip to be, Sir William?—A. Well, our slip, as a rule, is between three and five per cent, but I have seen it as much as ten or twelve per cent in very bad weather.

Q. That would be an extraordinarily bad case, I should imagine?—A. I think so, yes. Of course, I have really not sailed the ships myself, and I can only go by records. When I have to pay the coal bills for the ships, and I ascertain that I only pay about half the price for coal for an average performance, I am quite pleased, and I know there has been very little slip.

Q. I would rather imagine that, Sir William, because I was looking at Exhibit 76, which has been filed by your chief engineer——

Mr. SYMINGTON, K.C.: What page is that?

Mr. MCKENZIE: At page 693.

By Mr. McKenzie:

Q. ——and on two different occasions he estimates your slip; on one occasion 21·2; on another occasion 21·4; another at 18·8, and another at 16·6, so there was a considerably higher slip than even your worse guess, which was 12?—A. Yes. But you would find that other ships—ordinary ships—in that case would probably have a slip of 50 or 60 per cent.

Q. This (indicating) is the picture you exhibited this afternoon, as a photograph of the *Rio Dorado*?—A. Yes.

Q. Would you file it in the custody of the Clerk?—A. Yes.

Q. Not as an exhibit?—A. I will make a present of it to the Committee; they can have it framed.

By Mr. Rinfret:

Q. May I ask you, Sir William, what, in your opinion, is the percentage of slip of the average ship—not of your ships?—A. The slip of the propeller?

Q. Yes, of the average ships? What is the percentage as compared to yours?—A. Very much greater, as a rule. The initial slip in any ship is always there, in a straight-sided ship, by the churning up of the water. When you see a ship going ahead, you will find the water is churned up as the propeller moves, therefore there is a certain amount of energy expended. In my ships, you will find you can see the propeller, by looking over the stern, running in solid water. The slips take place in bad weather where the ship is pitching and rolling, through the propeller getting into various angles at which it was not intended for it to work. Propellers, like ships are built to work with the ship straight on the keel in smooth water.

Q. I understand that, Sir William, and I think the Committee does, but you gave figures for your own ships?—A. Yes.

Q. Can you now offer figures for other ships—for an average ship?—A. In my experience, I have found that the difference is very great—a difference of between 10, 12 and 15 per cent in the slip under the same conditions, which, of course, affects the efficiency, and the speed and consumption accordingly.

The CHAIRMAN: Have you any further questions, Mr. McKenzie?

Mr. MCKENZIE: No further questions, sir.

The CHAIRMAN: Mr. Montgomery, I think you have some questions to ask the witness.

By Mr. Montgomery, K.C.:

Q. Sir William, you gave the Committee, at the instance of my learned friend this morning, an account of your various ventures into Canadian waters?—A. Into Canadian—

Q. Waters?—A. That is right.

Q. And you mentioned, as your first, a contract that you entered into with the Dominion Coal Company at Cape Breton?—A. Yes, sir.

Q. Your statement there was that by the efficiency of your methods, you cut down the costs from $1.50 to 75 cents or less?—A. Yes.

Q. Now, I would like to give you the opportunity of reconsidering those figures, if you were speaking loosely at the time, because I may tell you they are quite at variance from the information which I have from the Dominion Coal Company?—A. Yes.

Q. Are you sure of those figures? I can quite understand you may have been giving them carelessly?—A. I was not, Mr. Montgomery. I will stand by the figures I have given you, and I will prove them by correspondence which I have on the subject. I have been too long in that business to make any mistake. The information you have on that subject is quite incorrect, if it is different from what I have given you.

Q. That is all I wished to know. I wished to know if you would adhere to that statement?—A. I am very much obliged to you for calling my attention to it; I would not like to commit perjury.

Q. There is no suggestion of that, Sir William, but this happened a long time ago and our memories are sometimes defective?—A. Quite.

Mr. SHAW: Would you tell Sir William the nature of the information which you have?

Mr. MONTGOMERY, K.C.: The information I have is nothing like that. There was a reduction, but nothing like that. Captain Shaw suggests I give you, Sir William, the information which I have. I will be very glad to give you any information I have at the moment.

The WITNESS: Thank you very much.

Mr. MONTGOMERY, K.C.: My information is that there was a small reduction, but that it was nothing like one-half and that the statement was ridiculous.

Mr. DUFF: Mr. Montgomery, let me say right here that Sir William mentioned, I think, a rate of 75 cents per ton. I know that coal has been carried cheaper than that from Sydney to Montreal.

The WITNESS: It is now.

Mr. DUFF: So, if the Dominion Coal Company say they did not carry coal at this rate, they are mistaken. It was carried at 62 cents a ton.

The WITNESS: I might also explain, perhaps, in all fairness to myself, that when I undertook to do that, with Mr. Henry Whitney of Boston, I built ships specially adapted for that trade, and I asked a very high figure on time charter for a number of years, and it was very much doubted whether I could carry it out. I was under no guarantee, but I did carry it out and I am very proud of doing that, and I am going to stick to what I said, and I am going to prove it to you, in spite of any opinion you may have to the contrary.

By Mr. Montgomery, K.C.:

Q. The objection was to the statement that it had been reduced from $1.50 to less than 75 cents.

Mr. DUFF: Sir William's point was that he carried it at 75 cents.

Sir HENRY DRAYTON: No, the point is the reduction from $1.50 to 75 cents.

Mr. MONTGOMERY, K.C.: That is enough for that; I have finished with that.

By Mr. Montgomery, K.C.:

Q. Then your next contract was the Petersen contract of 1897?—A. Yes.

Q. Which you say fell through because the Spanish-American war broke out, and the underwriters withdrew?—A. Yes, some of them, yes; that was not quite all the cause.

Q. I do not wish to misinterpret you.—A. There was great pressure by the shipping lines, as I intimated this morning in my evidence, but it drew it out,

extended the time somewhat longer than it would have done, and in the meantime the Spanish-American war came on, which closed up the whole thing.

Q. How long did th Spanish-American war last?—A. It lasted from April—

Q. 1898?—A. 1898, for about a year.

Q. To December, 1898?—A. Yes.

Q. Those are the official dates?—A. Yes. Thank you.

Q. April, 1898, to December, 1898. Now, what about 1899, and 1900, and 1901, and 1902, and 1903?—A. I do not know. You see, I had to give up the whole project at that time, when my underwriters withdrew.

Q. Did you give it up then?—A. Yes.

Q. That would be when?—A. What?

Q. When did you give it up?—A. In 1899.

Q. In 1899?—A. Yes.

Q. The Spanish-American war was over then?—A. Well, it may have been over; I really could not tell you; I do not remember. At all events, it upset matters to such an extent that it was no use to resuscitate anything in the way of financing.

Q. You mentioned in your evidence that your deposit was given back to you a year or two after. A year or two after what date?—A. Yes.

Q. A year or two after what date?—A. After 1899, I think. I think I got the deposit back in 1901, and the bankers' guarantee was cancelled a few months after; I have forgotten the date, but the fact remains that it was so.

Q. I see in Hansard that questions were asked from year to year as to when you were going on with this contract, and the answers varied, but there is "No information" and "No further information" and so on. You mentioned that an extension was given to you. When was that extension?—A. I beg your pardon?

Q. You mentioned an extension having been given to you?—A. Yes.

Q. When was the extension given?—A. The extension was given in the end of 1898 or the beginning of 1899; I do not remember the date.

Q. As a matter of fact, Sir William, this was another venture with a new type of ship, was it not?—A. Yes.

Q. And you predicted everything for that new type of ship which you are predicting for your corrugated ships today?—A. Yes.

Q. And one of the strong cards which featured at that time, at the time the tender was awarded to you, was the wonderful things that were to be accomplished by this new type of ship?—A. Quite right.

Q. They were popularly known as the "Bottleneck" ships, were they not? —A. Some called them so here, I believe; I have never heard of them by that name elsewhere. That was before the days of prohibition, I think.

Q. And those were to be applied to this fast passenger and mail service? —A. Yes.

Q. To carry so many more passengers?—A. Yes.

Q. An enormous saving in fuel consumption?—A. No, not at all; nothing whatever to do with that.

Q. Speed?—A. No. They were to be 20 knots speed, but only under ordinary conditions which might be applied to any other ship.

Q. And they were to revolutionize the shipping industry at that time? —A. They were to do nothing of the kind; they were to initiate a fine passenger service in the St. Lawrence trade, where there were no passenger ships in those days, even by the Canadian Pacific. There were some old hulks running at that time, but not real up-to-date passenger ships.

Q. I am reading, Sir William, from Hansard for 1897, where your contract is being supported by Mr. Dobell, who apparently was its chief sponsor in the House. You recall the late R. R. Dobell, do you not?—A. Richard Dobell? Yes.

Discussion followed as to revalancy of questions.

By Mr. Montgomery, K.C.:

Q. At the time you were negotiating, shall I say the 1897 contract, were you suggesting that you were going to carry it out with a new type of steamer which was going to revolutionize the shipping industry?—A. I do not think I used that expression, but I indicated the type of steamer, and I submitted plans.

Q. And that is what was referred to in different places as the "bottle-necked" steamer? I would be glad to use the other term if you will give it to me.—A. I shall explain to you, perhaps why it was called a bottle-necked steamer. It is very simple.

Q. But there is no doubt a more correct name?—A. You are quite correct, but I do not object to it, because I would like to show you how it came about. It is pure ignorance on the part of some people—.

By Hon. Mr. Stevens:

Q. A whaleback?—A. No, not a whaleback. This (indicating sketch) is an amidships section of a ship. That is, when you cut the ship in two, right in the middle you will find a section something like that.

The CHAIRMAN: The witness holds up a representation of a fat bottle.

The WITNESS: And that amidships section would look like a bottle, and that is why the Canadians called them bottle-necked ships. That is the explanation.

By Mr. Montgomery, K.C.:

Q. And that is something which was at that time entirely novel?—A. Yes.

Q. And was the ship that you proposed to put into this 20 knot passenger mail service?—A. Now, I would save you and the committee a lot of time, I think, if you would just allow me to explain one or two things to show you my justification for recommending that ship. In the first place, that ship had all the Classification Socities' approval—Lloyd's, Bureau Viritas, British Corporation, or anything else. Then, in addition to that, apart from the Board of Trade, I had the Admiralty adopting the ships for British cruisers, for which I got an additional subsidy of £7,500 a year from the British Government.

By Mr. Duff:

Q. 7,500 pounds?—A. Yes. 30,000 pounds. That was kept quite private at the time, but now I think I can explain it. Mr. Montgomery, I do not know whether I am addressing myself to you or not, but I think I would like to answer that question, if you would not mind. I would like to have you understand that I feel the necessity of answering your question.

By Mr. Montgomery, K.C.:

Q. I am possibly more interested in my questions than your answers, Sir William.—A. The fact remains that those ships which were recommended to me by the Canadian Government had not only the approval but the actual adoption by the British Admiralty, the highest authority in the Admiralty, Sir William White, who recommended them for British cruisers; Mr. Goschen, Sir Joseph Chamberlain and others granted me an extra subsidy of 7,500 pounds per ship for British cruisers.

Q. I am not particularly interested in all that?—A. I will tell you why I am, because we were talking about the bottle-neck ship as if it was a freak ship. I am proving that it was a real up-to-date ship, which could be used the same as other cruisers of the White Star and the Cunard lines, and for which the Admiralty paid or were willing to pay.

Q. All I wished to ask you was this, Sir William; some 28 years have gone by, have they not, and this ship which was then to revolutionize the industry

has not yet come into general use for the purpose?—A. I object to your using that expression, Mr. Montgomery, if you think it emanated from me, because I never blew so much gas as that about this ship. I never intended to revolutionize anything.

Q. Let us put it in this way; I do not suppose you would call your recommendations in regard to the corrugated ships as so much gas?—A. I do not like to blow gas about anything, I like to prove it. I would like any man in the whole world to prove that my statement in regard to corrugated ships is not correct.

Q. I do not dispute your statements. All I am trying to get from you—and I will tell you my point—is that similar representations were made at the time of the 1897 contract in regard to a ship which was then to change the order of things in the shipping industry?—A. Yes, whatever anybody else has said in those days, I think most of them are now dead, so "de mortuis nil nisi bonum".

Q. Fortunately we have you here, and I would like to ask you one or two more questions. Was it your suggestion that this type of ship construction would make a steamer much more rigid and strong, and therefore with less vibration? —A. That is right.

Q. That these ships would have a bend in them, and that the bend would provide additional strength?—A. What?

Q. These ships would have a bend in them?—A. Yes.

Q. A corrugation?—A. A corrugation.

Q. And that the bend would give additional strength?—A. That is right.

Q. And that when a sea struck the side of the steamer, instead of it running up the side and on to the deck, it would be broken by the bend and be thrown out?—A. Are you now referring to my passenger steamers in the 1897 contract?

Q. Yes.—A. Quite right. That is right.

Q. Also that being more like the neck of a bottle, it would afford more passenger accommodation?—A. Well,——

Mr. RINFRET: What are you quoting from, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: I am asking him whether these were his views at the time.

Mr. DUFF: In connection with what?

The CHAIRMAN: You were asking, Mr. Montgomery, whether the witness ever made certain representations?

Mr. MONTGOMERY, K.C.: What was his idea at the time, if it was more like the neck of a bottle, it would afford more passenger accommodation?

The WITNESS: Perhaps you would like the accommodation of those ships, if it were not more than 4 point 4.

By Mr. Montgomery, K.C.:

Q. Do you say that they were or were not 4 point 4, whether they had more strength or not?—A. .75.

Q. What?—A. .575.

Hon. Mr. STEVENS: We have discovered where the Captain got his humour.

Mr. MONTGOMERY, K.C.: Yes, we have.

The WITNESS: I have never lived with him, Mr. Stevens.

By Mr. Montgomery, K.C.:

Q. Also that it would remove a great deal of the bracing on the interior? —A. Yes.

Q. That may be the 4 point 4 too?—A. Yes, if the crew behaved themselves.

Q. So many of these things are similar to the claims which you are making seriously to-day for your corrugated ships; is that not so?—A. I have nothing whatever to do with that.

Q. Now, those ships were the first of their class which were to be put upon the Atlantic service?—A. That is right, as passenger ships.

Q. As passenger ships?—A. As passenger ships, Mr. Montgomery. There were quite a number afloat as cargo boats at that time.

Q. But these were quite an improvement on the Turret cargo boat?—A. Yes, of course.

Q. You would not class them with the Turret cargo steamers, would you? —A. Certainly not, the same as the corrugated ships when we turned them into passenger ships. You will find them to be of the same type, only of a superior class.

Q. My point is this, and I put it to you frankly, that 27 or 28 years have gone by, and this type of ship has not been adopted for the mail-passenger trade in the service which was then proposed?—A. Of course not.

The CHAIRMAN: Perhaps Sir William would enlighten us; if not, why not? I would like to know that. You say "of course not." Why has it not been, if it had these excellencies?

The WITNESS: Well, Mr. Chairman, because it was a special type of ship, and the opposition which was against me at the time, and which was always of the most innate conservative kind, made use of this type and used every argument they could against it, to prevent anybody building it, and they poisoned every channel, the same as people have done in connection with the corrugated ships, and you know how very difficult it is to convince anybody of a thing which he does not understand. The same to-day, when I come to give evidence about the efficiency of my corrugated ship and have my Captain and the Chief Engineer, a great number of people really I believe thought they were sitting here committing perjury. It is a most difficult thing. When I first took up the corrugated ship in 1906, large sums were expended on the first ship as an experiment of this new type, and if you experiment with a ship it is not like experimenting with a toy top; you have to put down 100,000 pounds or more, which means that you have to look at a thing very seriously, and it took a number of years before we could get other people to realize the qualities of this type of ship. To-day the evidence was brought out by Mr. Montgomery I think, and somebody question the number of ships built, and the answer was given as about half a dozen I think since 1921. Is that right? Now, I have to give this information before this Committee, and I think it is proper that I should, that since we started in 1905, 29 ships have been built of this type.

By the Chairman:

Q. Of what type would they be?—A. The corrugated ship, this type. During the war of course no building took place, that is, exclusive of the war. I have built 29 of these ships, and to-day we have 8 ships building by some of the most prominent owners in England, such as Sir John Lacker, Sir Walter Runcimana and several other experienced owners, who are building these ships to-day, and much larger ships, showing you how very difficult it is to adopt anything new in naval architecture.

By Mr. Duff:

Q. I suppose every naval or marine designer or architect has ideas of his own?—A. Yes.

Q. In regard to how ships should be laid down?—A. Quite so.

By Mr. Montgomery, K.C.:

Q. Coming to the corrugated ship itself, you have had the idea patented since 1905, a period of 20 years?—A. Yes.

Q. And you tell us that in those 20 years 29 ships have been built?—A. Yes.

Q. What is the total tonnage of those 29 ships?—A. I will tell you.

The CHAIRMAN: Perhaps Sir William can give it to us in round figures.

By Mr. Montgomery, K.C.:

Q. Round figures will be near enough, Sir William.—A. I would rather give it correctly. Some of the earlier ships were of a smaller type, from 3,500 to 4,000 tons, running up to 10,000 tons, so that it is very difficult to strike the actual tonnage. I have the actual figures somewhere.

The CHAIRMAN: Give it to us approximately to-night, and you can correct the figures after you have had a chance to look over your papers. That will be satisfactory, Mr. Montgomery, will it not? That Sir William should give the approximate tonnage now and give it to us exactly afterwards?

Mr. MONTGOMERY, K.C.: That is quite satisfactory to me.

Mr. SYMINGTON, K.C.: Or leave it until he gets it right.

The CHAIRMAN: Leave the question until to-morrow, Mr. Montgomery, because you cannot finish with the witness to-night.

By Mr. Montgomery, K.C.:

Q. The Clyde is quite a shipbuilding locality?—A. Yes.

Q. Possibly the greatest in the British Empire?—A. I suppose so.

Q. I have before me a cliping from Lloyds, dated May 13, 1925, describing the launching of the motor vessel, the *River Ottawa?*—A. Yes.

Q. That is your boat, is it not?—A. Yes.

Q. One of the ones you were referring to this afternoon?—A. Quite.

Q. It speaks here of its being built on the monitor corrugated system of construction. It says "it is the first vessel built on the Clyde, on the monitor corrugated system of construction"?—A. Yes.

Q. So of the many thousands, I might say, of ships, that have been built in that time on the Clyde this is the very first that has been built of that type, speaking of the whole period, to 1925?—A. They have just come to their senses there now.

Q. I beg your pardon?

The CHAIRMAN: He says they have just come to their senses now.

By Mr. Montgomery, K.C.:

Q. They have just come to their senses there now. I suppose every shipping company of any importance has had great and small vessels built on the Clyde during those twenty years?—A. Yes, no doubt of it.

Q. And every naval architect of any prominence has designed and made specifications for ships to be built on the Clyde, in those twenty years?—A. Yes, no doubt.

Q. But this is the first type that has ever been constructed there, and that for yourself?—A. Quite.

Q. And this, notwithstanding, the tremendous advantages which you claim for the type?—A. Quite.

Q. And I think I am not over estimating your evidence, if I say that this type of ship, according to you, will apparently cut the costs of operations in two.—A. Absolutely. If I might correct that, call it "thirds", to be more safe.

By the Chairman:

Q. Cut it by one-third, you mean?—A. Yes, by a third.

By Mr. Montgomery, K.C.:

Q. At that time, you had another idea, did you not, which was novel, in reference to the bringing of boats into the St. Lawrence?—A. What is that?

Q. You had another idea that was novel, in reference to bringing the boats into the St. Lawrence, did you not?

The CHAIRMAN: Are you speaking of 1897?

By Mr. Montgomery, K.C.:

Q. 1897.—A. Yes. Is that the fast line?

Q. Yes.

The CHAIRMAN: The bottle neck ships, he is talking about.

By Mr. Montgomery, K.C.:

Q. Would this be a fair statement of your improvement or represented improvement at the time: "Apart from the details, in regard to the design of the steamer, the contractors being Petersen-Tate and Company, have had to face a very tangible difficulty in combating the fogs of the St. Lawrence. With such a long journey up the great waterway, to say nothing of the approach to it, expedients to assist the steamers in navigating during the prevailing thick weather at certain seasons of the year were absolutely necessary if success was to attend the scheme. Mr Petersen set himself to solve this hitherto almost insoluable problem, and hit the happy and thoroughly feasible plan of employing a fast little craft of the torpedo-boat type to act as pilot and danger signal to the ocean steamers."

Mr. HALBERT: Are you reading that from "Jack Canuck."

Mr. MONTGOMERY, *K.C.*: "The little vessel is designed to travel down the river and meet the incoming steamer, and is to be fitted with a sound signalling apparatus and a powerful electric searchlight, both of which can be used at will and operated upon day and night in case of thick weather. She will meet the approaching steamer on her passage up the river, sounding her signals at intervals, and giving an extra signal in case of danger. Taking charge of the steamer she precedes her, and acting as a pilot enables the navigation of the waterway to be conducted at a comparatively high speed, but nevertheless with comparative safety. This excellent device, we understand, commended itself very strongly to the Canadian Government, and is expected to prove quite efficient as a means of facilitating safe and rapid transit through what for want of it have always been considered dangerous waters."

Mr. DUFF: What are you reading from, Mr. Montgomery?

Mr. MONTGOMERY, *K.C.*: A puff on the scheme from "Fairplay," an entirely favourable one, to Sir William Petersen's contract.

By Mr. Montgomery, K.C.:

Q. I asked whether that was a fair statement of your novel proposal at the time?—A. Are you asking me that question now?

Q. I am, sir.—A. Well now, 28 years ago, you were a very young man.

Q. I am glad you give me the credit for it.—A. Do you not remember the reputation of Canada in those days? The reputation of Canada in those days was that it was either full of ice, up to the St. Lawrence or it was never sufficiently clear of fog that anybody could come near it.

Q. You have not answered a single one of my questions yet?—A. This is part of my answer. I am going to qualify that answer by saying why this torpedo boat was adopted, because the average person in Europe did not know Canada in those days, when Mr. Montgomery was very young.

By Mr. Montgomery, K.C.:

Q. Do not rub it in to me too much?—A. Therefore, it was stated all through the press, all over Europe, that no ship with a 20 knot speed, could possibly ever reach Canada and could certainly never travel up the St. Lawrence. In order to counteract all this, I bought a torpedo-boat which was built for the British Government, to have ready at the end of the St. Lawrence, with signals, night and day, to meet the incoming ships, in case of fog and to pilot them up through the St. Lawrence. That was the idea of the torpedo-boat.

Q. I take it that the statement which I read to you is a fair statement of one of your ideas at the time, in connection with the 1897 contract?—A. Well, I have given you my reasons.

Q. As a matter of fact, it was one of your covenants in the contract, was it not?—A. I really do not remember.

Q. I am reading from Clause 52.—A. Mr. Montgomery, do not confine me to a contract which I made 28 years ago. If you will put the contract before me I will follow you, but I do not remember the clauses of the contract.

Q. I will put it before you; clause 52, Sir William.—A. Yes.

Q. "The contractors will further provide and maintain, during the continuance of this agreement, a fast tender of the torpedo boat type, of a speed not less than 22 knots per hour, which said tender is to meet each steamer on her approach to the Canadian coast, when required, and pilot her in or towards her destination, so as to ensure her safety and to reach port without delay,"—A. There is no necessity for such a tender now-a-days.

Q. This is another case where 28 years have gone by, without being impressed with that idea.

The WITNESS: Twenty-eight years ago people had a different idea of Canada.

By Mr. Montgomery, K.C.:

Q. Let us see if we can leave the bottle-neck and the torpedo boat for a minute and come back to the contract itself.

The CHAIRMAN: If you are finshed wth the bottle-neck——

Mr. MONTGOMERY, K.C.: I have not finished with the 1897 contract, but I have finished with the bottle-neck.

The CHAIRMAN: I do not think it is possible to finish with the witness to-night, so I suggest that we adjourn until some hour to-morrow. May I ask counsel whether they hope to finish with witnesses to-morrow? I would be very anxious, if we could sit long enough to-morrow, to finish with all the evidence.

Mr. SYMINGTON, K.C.: I am through.

Sir HENRY DRAYTON: Let us go on for another hour to-night, Mr. Chairman. I understood there was great anxiety to get through.

The CHAIRMAN: We have had one witness on the stand for four hours.

Sir HENRY DRAYTON: I am quite prepared to sit until twelve o'clock.

The WITNESS: I am quite prepared to go on.

The CHAIRMAN: Sir William says he is quite prepared to go on. I did not consult him myself. I thought possibly he would be tired, but if it is the desire of the Committee to proceed, and if Sir William is ready to go on, we will go on.

The WITNESS: I am quite ready.

By Mr. Montgomery, K.C.:

Q. You told us this morning, Sir William, that you deposited £20,000 with the Canadian Government, £10,000 in cash, and a banker's guarantee for £10,000. —A. Yes.

Q. In due course you applied for the return of the money?—A. Yes.

Q. And that the Government, very graciously, granted your application?—A. Yes.

Q. And that even the Opposition, in those days, Sir Charles Tupper, admitted, which is of record in Hansard, that you had done your best and played the game?—A. Yes.

Q. I have been endeavouring to check that up since you gave your evidence, Sir William, and I cannot find the record to which you refer.

Mr. SYMINGTON, K.C.: Perhaps we can give it to you to-morrow.

The WITNESS: You will find a record, not the expression, of playing the game; but he used that expression to a friend of mine, Sir William Mackenzie, of whom he was a great friend, but he made the statement in the House of Commons (Sir Charles Tupper), which you will find in Hansard, saying he felt sure it had been a very formidable task for me, but he also felt sure that I had done my very best. That was my evidence.

Q. We do not find the expression used in Hansard, the expression you used this morning. We will take it that you will not find that in Hansard.

By the Chairman:

Q. Will you find the very word "playing the game" in Hansard?—A. No. He used that expression to a friend of mine, Sir William Mackenzie.

By Mr. Montgomery, K.C.:

Q. Sir William, lest we go further astray, let me tell you, for your information that all this took place in 1903, that you are mistaken as to your dates.

The CHAIRMAN: What did he say? 1903?

Mr. MONTGOMERY, K.C.: He said it was a couple of years afterwards. I am not reproaching him at all, except for those errors of date. I am frankly drawing his attention to it.

The WITNESS: All I know is that I got the money back. If you pin me down to dates, 28 years ago, I cannot tell you exactly.

By Mr. Montgomery, K.C.:

Q. I am not trying to, but I am frankly telling you that it was 1903, so you will speak with the facts before you.—A. I am stating the facts to you to the best of my ability.

Q. I draw your attention to that because I do not know that Sir Charles Tupper was in the House at that time in 1903.—A. Well, I have copies of the Canadian Hansard, and I could produce them to you to show.

Q. Perhaps to-morrow you can give the reference to it?—A. I will try to look it up.

Q. And for information I may say, the whole debate apparently, the first time and the only time this question came up will be found on pages 6959 and following of the Hansard for 1903.

Sir HENRY DRAYTON: I think he was not in the House at that time.

Mr. DUFF: He was defeated in 1900.

The WITNESS: He was defeated in 1896.

Mr. MONTGOMERY, K.C.: No, his Government was, Sir William. They are speaking of his personal election.

The WITNESS: Oh yes.

Mr. MONTGOMERY, K.C.: I take it that Sir Robert Borden, who appears to have taken a prominent part in the debate, was then the leader of the Opposition, was he not?

Hon. Mr. STEVENS: Yes, he was.

Mr. MONTGOMERY, K.C.: So as to the attitude of the Opposition—not that I wish to introduce politics at all—but in connection with this supposed statement of Sir Charles Tupper's, I say that the statement that this represents the end of the bottle necked service is the only statement which I can find that can be treated as a concurrence, is one where Mr. Osler states:—

> "I agree that, probably under all the circumstances, it is the proper thing to return the deposit; and I think we are getting out of the proposed bargain for these bottle necked ships cheaply. I think we should have been in a bad way if these gentlemen had fulfilled their bargain."

Now that is the only thing, Sir William, that even approaches what you told us this morning.

The WITNESS: I am sorry you mentioned that, because I had the most kindly recollections of the great generosity of the Government at that time, and it stirs up bitter feelings when I hear anyone saying nasty things like that.

Mr. MONTGOMERY, K.C.: Then you will have to credit yourself for having opened the question.

The CHAIRMAN: As a matter of fact it was not the Government that said that.

By Mr. Montgomery, K.C.:

Q. Now this bank guarantee that you put up had been returned previously had it not, or cancelled?—A. No, I don't think so. I cannot tell you.

Q. It is so stated.—A. I think it was returned after the cash deposit.

Q. In connection with some revision or something of the contract as a condition?—A. No, I don't think so. I do not remember. All I know is that the bank guarantee was cancelled.

Q. My friends, Mr. Symington and Mr. Donald can check that. If you want the whole sentence I was reading, it goes on to say:—

> "The Government went into the scheme quite ignorant of what they were contracting for, undertaking a very large expenditure on an experimental ship which has not turned out to be a success for that class of navigation. We are burying one of the attempted bad bargains of the Government at very small expense when we return this deposit."

(Page 6956 Hansard, 1903, Vol. III).

Mr. HALBERT: Mr. Chairman, were those ships tried? Were they put on the water, that were mentioned then. If not, it has no application whatever. I would like that question answered. Were those ships put on the water and tried?

The CHAIRMAN: I will ask Sir William that.

Mr. HALBERT: He is claiming that the other ships proved a failure. Now were they tried?

By the Chairman:

Q. Sir William, were these ships which were the subject of the contract of 1897, actually built and tried on the St. Lawrence River?—A. No, of course not.

Mr. HALBERT: Then that has no application.

By Hon. Mr. Stevens:

Q. Just a moment, Mr. Chairman. This type of ship to which you refer, while not introduced under this contract, were used throughout different parts of the world?—A. Yes, certainly.

Mr. HALBERT: But not under this contract.

Hon. Mr. STEVENS: None were supplied. The contract failed. The company failed. They could not raise the capital.

The WITNESS: On account of the war. Perhaps Mr. Chairman, you will allow me to put a question?

Mr. MONTGOMERY, K.C.: Don't question me, Sir William.

The WITNESS: To put an answer to your question. In 1897 the Government of Canada did not run one pennyworth of risk. They had £20,000 on deposit of my money and there was no subsidy payable until these ships were actually in commission. To-day the Canadian Government, on the contract on which I am negotiating, have not spent one penny nor are they under one penny guarantee or liability; but I have spent a good many thousand pounds already, and incurred very large liabilities in taking my chance, and surely no sane man would do that unless he knew the type of ship he was adopting and knew that that ship had been thoroughly tested already. At that time, it is true that these ships were to be introduced for the first time as passenger ships, but they had already been tested a long time as cargo boats, and I want to make it perfectly plain, from what you are reading in the Hansard, it would appear to the Committee that the Government of Canada had been at very great expense on my account. Quite the contrary. They never ran one pennyworth of risk, nor do they to-day. I am carrying the whole burden on my shoulders, until such time that I get the contract ratified. If I do not?—

By Mr. Montgomery, K.C.:

Q. Sir William, I will try to find some way of getting a shorter answer from you. If my questions are too long, correct me, but I would like you to really answer them without these instructive addresses.—A. I will if I can, Mr. Montgomery. You are getting tired now, I think? I am sorry.

Q. You have opened up another question. The complaint at that time seems to have been, Sir William, that you had put back the passenger and mail service for Canada, for six or seven years, and that they had to start all over again in 1903 to call for tenders.

Mr. SYMINGTON, K.C.: That is the complaint of the opposition.

By Mr. Montgomery, K.C.:

Q. No, the Government. That they were calling for tenders.—A. Will you say that again, Mr. Montgomery. I do not understand the question.

Q. I say that your suggestion that Canada was in no way the sufferer does not appear to be borne out by Hansard, because I think that at that time, after six or seven years, they again had to call for tenders for the service asked for in 1897?—A. Yes, and they never would have got one at all if it had not been for me; and they never got one when they called for it. It is only by slow evolution that they have got decent passenger ships to run to Canada, through the intervention of the Canadian Pacific.

Q. And apparently we were six years behind in getting them, as a result of the failure of the Petersen contract?—A. You would have been much longer; you would never have got them to-day if you had not been stirred up in those days.

Q. Was it you who stirred up the idea of this fast mail service at this time? —A. No, It was not. The idea was brought to me from Canada. There was a great cry in Canada in those days for a fast service, which had been on the tapis for many years before I started, by the Adams, who asked for an enormous big subsidy, and they would have got it with the Tupper Government had it not gone out of power by that time.

The CHAIRMAN: Mr. Montgomery, I may not be expressing the views of the Committee, but I am expressing my own views when I say I think we have spent enough time on this Petersen-Tate contract.

Mr. MONTGOMERY, K.C.: I may have to come back to it again. I have finished with it now, but I give warning that I may have to come back to it again; when I discuss these other things it comes on the scene again.

The CHAIRMAN: I am not closing the way to your coming back to it, but I hope you will proceed to another aspect of the case now.

By Mr. Montgomery, K.C.:

Q. Now your next venture into Canadian affairs was in the nature of an experiment too, was it not; that is the carriage of grain direct from the Great Lakes across the ocean?—A. No, no, you are quite wrong.

Q. I stand to be corrected.—A. It was a line from Rotterdam to carry goods to the Great Lakes through the canals.

Q. Then we will put it the reserve way. To carry goods from Rotterdam to the Great Lakes through the canals?—A. Yes.

Q. That was another previously untried venture?—A. Quite.

Q. Epoch-making, my friend suggests?—A. Yes, pioneering if you like.

Mr. DUFF: Every new invention is the same way. An experiment.

By Mr. Montgomery, K.C.:

Q. Well, taking Mr. Duff's suggestion, it was another experiment and for one reason or another, it failed.—A. It did not fail, please.

Q. Well, it was stopped.—A. Stopped.

Q. Short?—A. I will give you the reason why it stopped.

Q. In other words, it was not an economic proposition?—A. Yes, it was, and I told you so this morning.

Mr. MONTGOMERY, K.C.: I suggest that I am quite entitled to ask that, Mr. Duff, whether it was a failure. One venture of his after another has been a failure, and I say that frankly, that is the purpose of my cross-examination, and I am defending shipping companies which are threatened to be run off the St. Lawrence River because he says he can run his boats for half the price of these boats which have served Canada for 70 years and which are to be turned off the service.

The CHAIRMAN: I suggest that Counsel and members of the Committee address their remarks to the Chair.

Mr. DUFF: I have addressed mine to the Chair.

The CHAIRMAN: I think that Mr. Montgomery has the right, by cross-examination,—and I think he has conducted it very politely—to show the result of previous operations of Sir William Petersen, and I would rule that such a question was in order, and I would instruct Sir William to reply to it. I would tell Sir William that from my appreciation of the situation no offence was meant and none should be taken.

Mr. MONTGOMERY, K.C.: I wish to make the same assertion, Sir William.

The WITNESS: Thank you, Mr. Montgomery; it is all right now. I will shake hands with you.

By Mr. Montgomery, K.C.:

Q. For one reason or another, your ideas in the operation of that service were changed, and the lake boats were left in the lakes, and the trans-Atlantic boats were operated on the ocean?—A. That is right. Let me tell you that I inaugurated a lake company called the Canadian Lake Navigation Company, with boats which could not operate on the ocean, and we sold the shares for 50 cents on the dollar, and everybody got back $1.50 for their investment, so it was not a failure.

Mr. DUFF: Did you get that answer, Mr. Montgomery?

Hon. Mr. STEVENS: May I ask a question here, Mr. Chairman?

By Hon. Mr. Stevens:

Q. If I recall, this morning you stated you made a new arrangement for lake boats and ocean boats as a result of the experience you had gained in running the ships direct from Rotterdam to the head of the lakes?—A. Quite right, Mr. Stevens.

Q. And that the difficulty arose in the canals and interior waterways, by their not being suitable for ships which were most economical for ocean service?—A. Quite right. The smaller boats were not suitable for the ocean trade, and I left them on the lakes and formed a company there, and built three additional package freighters. I think I had nine or ten boats there.

Q. And as a result of that experience in running a line from Rotterdam to the head of the lakes, you found it was not an economical or satisfactory route to follow directly?—A. Not up to the head of the lakes through the canals, but I continued the line from Halifax and Montreal to Rotterdam and vice versa, confining myself to the ocean service with boats adapted for the ocean.

By Mr. Montgomery, K.C.:

Q. We come then to the establishment of the Franco-Canadian Line between Canada and London?—A. Yes, sir.

Q. You took some exception to the statement in the Reply of the Liners at page 10—

Mr. DONALD: Let Sir William have a copy of the Reply of the Liners, please.

Mr. MONTGOMERY, K.C.: (Handing pamphlet to witness) certainly. It begins at the bottom of page 9, Sir William.

The WITNESS: Thank you.

The CHAIRMAN: I will again suggest that it is almost 11 o'clock and we will all be in better shape if we adjourn now. When shall we meet again?

Mr. DUFF: 3.30 to-morrow afternoon.

The CHAIRMAN: We will sit to-morrow at 11.30.

The witness retired.

The Committee adjourned until Friday, May 29, 1925, at 11.30 a.m.

PARLIAMENTARY SESSION, 1925

Special Committee appointed to consider the

Resolution

to Give the Government of Canada Control over Certain Ocean Rates

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Proceedings of the Committee

No. 24 —Friday, May 29, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee.

Messrs. George H. Montgomery, K.C., E. P. Flintoft, C. Russell McKenzie, for the steamship companies.

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Sir William Petersen, K.C.B.E., Ship Owner and Manager, London, Eng.

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1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 277,

FRIDAY, May 29, 1925.

The Committee met at 11.30 o'clock a.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—13.

Sir William Petersen, who was again in attendance, was further examined and retired.

The Committee adjourned at 12.55 o'clock p.m. to meet again at 3.30 o'clock p.m. this day.

The Committee reassembled at 3.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnson, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—13.

Sir William Petersen, who was again in attendance, was further examined and retired.

The Committee adjourned at 5.35 o'clock p.m. to meet again at 8.30 o'clock p.m. on Monday, June 1, 1925.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

FRIDAY, May 29, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 11.30 oclock a.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we will come to order, Sir William will you resume the witness chair?

Sir William Petersen recalled.

The CHAIRMAN: Proceed, Mr. Montgomery.

By Mr. Montgomery, K.C.:

Q. Last night, Sir William, you were to look up for us the tonnage of the 29 corrugated vessels which have been constructed since 1905. Have you been able to obtain that information?

The WITNESS: Yes, I have; it is 168,500 tons, representing roughly £1,600,000 in money already spent.

By Mr. Montgomery, K.C.:

Q. I assume those are gross tons, are they not, Sir William?—A. No, dead weight.

Q. What would be the factor to convert them into gross tons? Can that readily be done?—A. No, it is not easy.

Q. Can you give us any idea of the gross tonnage?

By the Chairman:

Q. The gross registered tons?—A. The gross registered tonnage is quite a varied quantity; it depends on the type of the ship.

Mr. MONTGOMERY, K.C.: For rough purposes, Mr. Duff says we can take one-third off.

The CHAIRMAN: Is that a rough and ready, but a fair way of doing it?

The WITNESS: Yes.

Hon. Mr. STEVENS: Did you say "dead weight"?

Mr. MONTGOMERY, K.C.: Yes, sir.

Hon. Mr. STEVENS: You have the figures here in Sir William's own schedule or specification; you have dead weight 9,000 and the net weight 3,500.

Mr. MONTGOMERY, K.C.: I wanted dead weight as compared with gross.

Hon. Mr. STEVENS: Sir William said dead weight—

Mr MONTGOMERY, K.C.: I was asking him to give the gross.

Hon. Mr. STEVENS: The gross would be five—5,000 as against nine—five-ninths of this (indicating) will give it to you.

The WITNESS: On a particular ship of that type. That is the Government schedule.

Hon. Mr. STEVENS: Yes, ——

The WITNESS: Mr. Montgomery is asking me the aggregate number of tons already built of the corrugated type, and I told him 168,500 tons.

By Mr. Montgomery, K.C.:

Q. Can we take it, roughly, that the gross tonnage would be approximately 100,000 or a little over?—A. Yes, deduct one-third; that is about right.

The CHAIRMAN: That is near enough for our figures.

Hon. Mr. STEVENS: 93,000 according to this.

By Mr. Montgomery, K.C.:

Q. And have you any idea of the gross tonnage of other types of vessels constructed during the same period?—A. During the same period?

Q. Yes, from 1905 to 1925—in that 20-year period?

The CHAIRMAN: You mean the tonnage of all other vessels?

Mr. MONTGOMERY, K.C.: Yes; what I want to get at is the relatively small proportion of these corrugated ships.

Mr. SYMINGTON, K.C.: I suppose that is admitted.

Mr. SHAW: I think we are all prepared to admit that.

Mr. MONTGOMERY, K.C.: I have before me a list from Lloyd's Register, which Mr. Robb has furnished to me, and it shows the average construction each year running up to 1,800,000 tons, 1,900,000 tons, and so on.

The WITNESS: Yes.

By Mr. Montgomery, K.C.:

Q. And according to certain figures which were given to me, the tonnage afloat at the present time, speaking now of merchant vessels, is over 61,000,000. —A. I do not think it is all afloat. A great deal of it may be tied up, but no doubt these figures are correct. May I point out that quite a number of ships of the corrugated type are now being built by old-established shipowners in England? I could give you the names of several firms ordering and building ships of that kind. It has taken many years to reach that stage.

Q. I have no objection, if you want to give that information?—A. I simply point that out, Mr. Montgomery, to show that this type of ship is no longer in its experimental stage.

By the Chairman:

Q. You might give us that briefly, Sir William?—A. I think there are nine bulding now, of about 9,000 tons or 8,500 tons, by Sir Walter Runciman, of the Runciman Company of Newcastle-on-Tyne; one by Sir John Latta, of the Lowther-Latta Company, a 10-tonner; Ridley Sons & Tulley, of Newcastle-on-Tyne have built one, and offered to buy one of mine, which I refused to sell. Seed & Company of Newcastle have built three, and are building more now to save their owners. I merely mention these to prove that these people must realize that the ship is no longer in the experimental stage.

By Mr. Symington, K.C.:

Q. Are these people whom you mention old and experienced ship operators? —A. Absolutely; old established firms.

By Mr. Montgomery, K.C.:

Q. You just referred to laid-up tonnage, Sir William. I have before me what purports to be the figures of the shipping laid up at the principal ports of Great Britain and Ireland?—A. Yes.

Q. And for these ports alone, the figures for January 1, 1925, are given as 332 vessels, with a total net tonnage of 488,252?—A. No doubt that is correct, but you will find none of them are corrugated ships.

Q. I am not speaking of corrugated ships, but I am taking them in connection with your suggestion that these vessels are not seaworthy?—A. Yes, a great many of them are not. They would not be able to trade under present conditions; they would lose money heavily, and many thousands of pounds would have to be spent, before these ships could put to sea.

Q. In other words, their operating losses under present-day freight conditions would be greater than their lay-up losses?—A. Absolutely.

Q. And I suppose it is equally true that as operating conditions improve, and freights improve, the better classes, at least, will come out into the trade?—A. I should imagine so.

Q. Just as soon as they reach a point where the operating losses will be less than the lay-up losses, the tendency will be to come out?—A. Yes.

Q. But it will be a tendency until such time as the surplus seaworthy tonnage is absorbed, to keep the supply rather ahead of the demand?—A. Yes.

The CHAIRMAN: The witness agrees with the economic principles laid down so clearly by the leading Counsel.

By Mr. Montgomery, K.C.:

Q. You have mentioned a certain number of boats which are at the present time under construction—and I refer to boats of the corrugated type; it has been suggested to me they are all tramps, with the exception of the boat built for Sir John Latta of the Lowther-Latta Company. Can you tell me whether or not that is correct?—A. They are all high-class cargo boats; call them tramps if you like, which means simply they are not running on lines.

Q. Now, at the adjournment last night I think we had reached the Franco-Canadian Lines, which were established in 1904?—A. Yes.

Q. And I was about to invite your attention to the reply of the Liners——A. I have seen it, Mr. Montgomery.

Q. You have seen it?—A. Yes, thank you.

Q. In respect to which you took certain exceptions?—A. That is not correct.

Q. That is what you told us yesterday, and I simply wanted to clear the matter up.

The CHAIRMAN: What page?

Mr. MONTGOMERY, K.C.: On page 37 of the typewriting you say: "It is not true to say, as stated in that white pamphlet that I got insurance from the steamers?"—A. That I got what?

Q. Got insurance from the steamers?—A. That is not correctly reported. I never mentioned the word "Insurance"; it is stated in that report that I got notice from the Secretary of the Company to stop the services of Armstrong, Whitworth.

Mr. SYMINGTON, K.C.: "That I got notice from the Secretary"—that is what he said.

The WITNESS: I think the pamphlet states that.

The CHAIRMAN: The witness is referring to the episode referred to in the white reply——

Mr. MONTGOMERY, K.C.: I do not see it readily, and we will not waste further time over it. I do not see any such suggestion in the reply.

Mr. SYMINGTON, K.C.: "I was officially informed"——

The WITNESS: I was officially informed by the Secretary, or somebody, to discontinue the line.

Mr. MONTGOMERY, K.C.: We will not waste any more time over that.

Q. The action which you spoke of against Messrs. Armstrong, Whitworth & Co., would appear to have been tried in March 1906, would it not, Sir William?—A. I do not remember the month. I thought it was later than that.

Mr. MONTGOMERY, K.C: I do not know whether it is of any interest to have anything further on this, but I have here the report of the trial and settlement and the issues raised in the suit. It is just a short thing if you want it for information.

The CHAIRMAN: Do you really think it is of importance?

Mr. MONTGOMERY, K.C.: I do not think it is of vital importance, no.

The CHAIRMAN: Then let us proceed to another matter.

Mr. MONTGOMERY, K.C.: It gives what the issues were between them.

The CHAIRMAN: It is the report of a newspaper of what happened. Sir William has given us his idea. The newspaperman may or may not have had as accurate information as Sir William. It seems to me that we are spending time on a point that is really of no vital importance.

Mr. MONTGOMERY, K.C.: I only wish to make clear that I have what appears to be the only record available of what did occur in reference to the settlement, and the issues that were raised between the parties.

By Mr. Montgomery, K.C.:

Q. Now before starting on your relations with Sir William Mackenzie, were you not interested in a venture with a line of steamers in which I think one named the "Lady Strathcona" was the first?—A. That is the one I was building with Armstrong. I was building on my own account, with Armstrong Whitworth's, the Lady Strathcona.

The CHAIRMAN: Will you state that a little louder, if you can, Sir William.

The WITNESS: I was building a steamer with Armstrong Whitworth, which was named the *Lady Strathcona,* for my own account, but she was not ready at the time that we were running the line together.

By Mr. Montgomery, K.C.:

Q. What was the outcome of that?—A. The outcome of that was that she was thrown upon my hands, the *Lady Strathcona.* We were in litigation at that time and the liabilities were very, very serious and all left on my shoulders, and on account of that we made some agreement later on that they were to keep that boat. I would not have anything more to do with it, and they disposed of the boat. I really forget the circumstances under which they disposed of her. I think they sold her to another shipowner.

Q. Now, Sir William, I have to give you my instructions, which are: that you had this boat under contract; that you had put up a certain deposit upon her; that you could not fulfil the contract; that the boat was sold by the builders for considerably less even than the balance owing them and both sides suffered a very severe loss.—A. Very likely. I have told you so already.

Mr. DUFF: He forfeited the deposit.

The WITNESS: Yes, I forfeited the deposit.

By Mr. Montgomery, K.C.:

Q. The *Belgian King,* did she have a similar fate?—A. The *Belgian King* belonged to Swan Hunter. I ran her for Hunter's, merely managed the ship for them. I had no interest in the ship otherwise, but I ran the ship for a couple of years and, turning from a loss, I returned, I think it was, 16 per cent dividend during the two years.

Q. Now my instructions are that Swan Hunter were not paid for their boat and had considerable difficulty in getting her back.—A. That is absolutely untrue. I never bought the boat from Swan and Hunter; I never wanted to buy her. She was an old boat, but I continued to run her for their account and I returned to them a very handsome dividend. They eventually sold her to somebody else, some foreigners, and that was the history of that boat.

Q. Now in 1907, you tell us you tied up with Sir William Mackenzie and you mentioned the Uranium and Royal Steamship Lines?—A. Yes.

Q. Was the Uranium Line originally called the Northwest Transport Line?—A. The Uranium Line? Yes, previously to that.

Q. It was first the Northwest Transport Line and then the Uranium Line?—A. Yes.

Q. Was its name changed to the Royal Line?—A. No, that was subsequent. They started the Royal Line by buying two large passenger boats. They ran from Bristol and Avonmouth.

Q. You were not interested in those passenger boats?—A. Certainly. Not financially, but I was in the organization and management.

Q. Those were the boats we knew as the *Royal George* and the *Royal Edward,* were they not?—A. Yes, that is right.

Q. I understand you purchased those boats?—A. For the Canadian Northern.

Q. For Sir William Mackenzie?—A. Yes.

Q. And there was some litigation over that?—A. I had, yes. They did me out of a commission: the builders.

Q. Now you told us yesterday that those lines ran successfully. Would that be the version which would be given by the Canadian Northern interests?—A. Would you allow me, Mr. Montgomery, just to interpose and make that statement of mine a little clearer? You said I had litigation on those two boats. I sold the boats to Mackenzie, Mann & Co., these two steamers, and I was entitled to a commission of £10,000, from the Fairfield Shipbuilding Company. When the boats were sold they refused to pay the commission, and I may tell you in this connection, in the litigation Sir William Mackenzie gave very powerful evidence in my favour.

Q. You seem to always have had lots of friends, Sir William.—A. I won the case in the first instance, but I lost on appeal. I took it to the House of Lords.

Q. I was not going to follow up the details of that litigation.—A. I thought it well to give you the details. Your shipping friends might want to know those details.

Q. Well, they have not asked for it. Now coming to the question I have just asked you, you said the line ran very successfully at the first going off. Page 40. Do you intend by that that at first it was successful, and then unsuccessful, or that it was successful throughout?—A. No, it was successful throughout, when I started with emigrants. At first, when I started the boats purely with cargo, I found that the opposition of the German pool lines was too strong and so I continued to fight, with emigrants, because I knew that was the only club that would really bring them to their senses. Which it did.

Q. Now I ask you whether that would be the version that you would get from the Canadian Northern people, that the operation of those boats was successful financially?—A. I have no idea of that.

Mr. SYMINGTON, K.C.: At the beginning.

Mr. MONTGOMERY, K.C.: My friend suggests that your answer only meant at the beginning.

Mr. SYMINGTON, K.C.: At the first going off.

The WITNESS: Yes at the first going off, we spent a good deal of money in establishing the line, as we would establishing any other line.

Mr. Montgomery, K.C.

Q. You misunderstand me. My friend is drawing attention to the fact that your evidence is that the line ran successfully at the first going off?—A. I think I referred then to the emigrant end of it, when I started the emigrant end of it.

Q. We have a lot of ground to cover, but my instructions are that it was very unprofitable, that the Canadian Northern interests, or the Mackenzie and the Mann interests, lost very large sums of money in the operation of those steamers, which you were managing?—A. That is absolutely untrue, but I will tell you when they lost money probably; that is when they started as a railway company to take the line over themselves. It was managed then by a lot of people who did not understand shipping. They may have lost money then, but they did not lose money with me.

Q. You told us the lines were sold to the Canadian Government. Are you correct in that?

Mr. SYMINGTON, K.C.: The Canadian Northern Railway was sold to the government.

The WITNESS: The railway was transferred to the government later on.

Mr. SYMINGTON, K.C.: He said at page 42 that the railway was taken over by the Canadian Government.

The CHAIRMAN: That is substantially corrrect.

Mr. Montgomery, K.C.

Q. It is not your suggestion that these boats, freight and passenger, were taken over by the Canadian Government?—A. Yes.

Q. That is your suggestion?—A. I understand so. With the railway.

Q. My information is that the boats had resulted in such a heavy loss in operating, that they sold them for what they could get and they were purchased by the Cunard Line.?—A. I know nothing about that. Whether they lost or not with them, I do not know. I know this, I put many thousands of pounds in Sir William Mackenzie's pocket when we were running the line together. What they did with the line when they took over the management by the railway company, I do not know.

Q. And you never heard that the boats were sold to the Cunard Company then?—A. No. The *Royal George* I think was running during the war; and one was sunk by the enemy.

Q. Now in connection with the operation of those boats, you said that it was very difficult—page 40—on the Continent, to get any emigrants to Canada, to realize that there was any other country besides the United States, and that therefore you diverted very few emigrants via Halifax, and proceeded to New York with your steamers?—A. Yes.

Q. Have you checked the immigration figures, to Canada from the Continent, during the period which you are speaking of?—A. No, I have not.

Q. I would like to draw your attention to what purports to be the official figures that I have before me; the immigration for the year ending March 31st, 1908, which checks with the opening of your line, was exceptionally heavy. You have not verified that? And that the immigration from the Continent in 1909, to 1914, when I think the boats were disposed of, increased very rapidly.—A. Yes, the first boat to Canada I only diverted six emigrants; showing you the uphill work I started with. Later on I carried them by the thousand.

Q. So the line was virtually running, not to Canada, but between Rotterdam and New York?—A. Between Rotterdam and New York, calling at Halifax.

Q. What I wish to suggest to you, Sir William, is that it is hardly fair to Canada to say we were not drawing large numbers of immigrants front the Continent at that time.—A. Well, it is true, because a good deal of propaganda had to be done in order to get people diverted to Canada.

Q. My only point is that you were running your line to New York and that if your were running your line to New York it was not because the immigrants were not coming to Canada.—A. No, that is true. Later on I proved that to be the case, but you see I had to run to New York to carry a certain number of emigrants who did not want to go to Canada, and I had no subsidy in those days, and I had to do the best I could.

Q. We are coming to more modern times, towards the end of my friend's travels with you yesterday, Sir William, I think you referred to boats you had operated for the United Fruit Company, the Standard Oil Company, and voyaging from Vancouver to Japan with other boats. Those were what were known as tramp schooners were they not?—A. No, they were passenger boats run for the United States Fruit Company. They were 15 knot steamers and carried passengers, and bananas, from Kingston, Jamaica, to Boston.

Q. Were they on time charter?—A. No, they were my own boats and I ran them for the Boston Fruit Company.

Q. Now you told us yesterday that you were, or I think you mentioned the present company as being the London and American Maritime Trading Company?—A. Yes.

Q. That company is merely a holding company, I understand?—A. Yes.

Q. And it controls the shares of the Thompson Steam Shipping Company?—A. Yes.

Q. The Thompson Steam Shipping Company has, according to my instructions, four boats?—A. Four boats, yes.

Q. They are these Rio boats?—A. The Rio boats, yes.

Q. Of the Monitor or corrugated type?—A. Yes, that is right.

Q. I understand the last one was only put into commission in 1924?—A. Last year, in September, yes.

Q. The others I think were in 1922, were they not?—A. In 1921, 1922 and 1923.

Q. And you told us that even though not superheated, they were quite as efficient as the Rio Dorado, the results of which we have heard at length.—A. Yes.

Q. I have before me what purports to be the report of the Annual Meeting of the London and American Maritime Trading Company, Ltd., held on the 31st December, 1923. You no doubt will recall that?—A. Yes. No, last year you mean?

Q. The 31st December, 1923. I have also the one for 1924. I will take the 1923 meeting first with your permission. Will you tell me whether you recognize this to be a correct excerpt from the minutes:—

"The Chairman said: Gentlemen, it is now my duty to propose the adoption of the report and accounts. I wish that I could add that it was also my pleasure to do so, but the Chairman of a company who is also a large shareholder in that company, has little pleasure in proposing the adoption of a report which bestows no dividend on the shareholders. I can only say that nobody regrets that this should be the case more than I do, but last year I used these words: 'People are thinking that a change is coming. I hope and believe it may come soon, but we have to remember that a great portion of the trading year has already gone, and therefore I should be wrong if I held out any hope to you that the year to come will produce any very great results or any return of the prosperity we had a few years ago.' I am sorry to say that every word I said then has proved to be correct. The fact is that it is quite impossible to make profits in a shipping company if you cannot employ your ships to profit. If you compare the results of other cargo

boat companies, which do not depend for their results on investment, I think you will find that without exception, they have suffered a loss, and I think that it is only owing to the fact that we have exceptionally good ships that although we have not run our ships at a profit sufficient to declare a dividend, we have run them without a loss, and indeed at a small profit." That is correct, is it not?—A. Yes, quite correct, and a far better report than a great many other shipping companies could produce.

Q. That is the point you bring out?—A. Yes. We have never lost a single penny, in my experience, in my companies.

Q. I beg your pardon, I did not quite catch that.—A. I say we have never had a single loss; we have always made a profit.

Q. In order to get a true appreciation of the freight situation, you were then operating these very low-cost-operating boats?—A. Yes.

Q. And your company—

Hon. Mr. STEVENS: What does Sir William say?

The CHAIRMAN: We would like to hear it.

By Mr. Symington, K.C.:

Q. In 1923 how many had you?—A. One.

By Mr. Montgomery, K.C.:

Q. A moment ago you told us that the Rio A came out in 1921?—A. At the end of 1921.

Q. And the Rio B in 1922?—A. In 1922. In 1923 there were two ships running; in 1922 we had only one running, the other was building. In 1922 I think there were two boats running.

Q. Well now, are you sure of that, Sir William, because I see in you annual report of the 18th of December, 1922, you speak of—I want to get it correctly—three highly efficient and economical steamers. I suppose those would be the A. B. and C., would they not?—A. The Azula, the Blanco and Claro.

By the Chairman:

Q. Let me understand this, Sir William. When you made this report to your shareholders on the 31st of December, 1923, how many ships had you been operating during the year before?—A. Two; only two ships were included in that statement, at the end of 1923.

By Mr. Duff:

Q. Were they operating the whole year?—A. No, only partly. We got delivery of one about the middle of the year.

By Mr. Montgomery, K.C.:

Q. In 1923?—A. No. We got delivery of that ship at the beginning of that year; there were only two ships, one of which did not operate the whole year through.

The CHAIRMAN: Ask him when each ship was put in commission, Mr. Montgomery.

The WITNESS: If I might be allowed to bring my book up here, I can give you chapter and verse for it. I left it at my hotel but I will send for it, and will give you the exact data.

The CHAIRMAN: Suspend that in the meantime, Mr. Montgomery.

By Mr. Montgomery, K.C.:

Q. Let me see if I can help you. Your memory is that the two first were put in commission in October, 1922?—A. Very likely.

Q. In October, 1922?—A. I would not like to contradict it, Mr. Montgomery; you seem to know all about it. I will give you the exact figures, if you will allow me to send for my book.

Q. Certainly, but in the meantime you can take it that that is correct. The year which is under review in the report which I have just read stands out in contrast with the years since 1914, during which time your company even with its corrugated boats had made very large profits?—A. I am sorry I missed that, Mr. Montgomery.

Q. The year under review, that is, the year reported upon at your meeting of December 31st, 1923, when you spoke of the unprofitable nature of the business at that time, stands out in contrast with the years 1914 to 1920, during which time you had made very considerable profits?—A. Yes. We paid a 20 per cent dividend I think for nine years running.

Q. The last dividend was in 1920, was it not?—A. 1921. In 1920 we paid a dividend of 15 per cent, then 10 per cent, then it was reduced when the slump came.

Q. The slump came, and you declared no dividend at all, at least for that year which I have under review, that is, the year reported upon on December 31, 1923?—A. We could have done so, but we put the money to Reserve.

Q. I suppose, without going over it again, the report recites correctly what the freight conditions were at that time?—A. No doubt.

Q. And what your operations were?—A. Yes.

Q. And it was in that condition of the freight market that, as you reported, every other cargo company, that is, cargo boat companies, without exception had been suffering losses?—A. Yes.

Q. And it was in that condition of the freight market that you were approached by Mr. Preston with a suggestion to subsidize a line to cut the freights in half?—A. That was last year, not the year you were speaking of; late last year.

Q. You told us yesterday that it was in June of last year?—A. That is right.

Q. The statement I have been reading is your statement for the year immediately preceding that period?—A. Yes.

By the Chairman:

Q. Sir William, when did your fiscal year end that you were talking about when you made that report on the 31st of December, 1923?—A. The fiscal year ends on the 31st of July, and our meeting was held in December.

By Mr. Montgomery, K.C.:

Q. So that we may clear it up if there is any doubt about it, did you declare any dividend for the succeeding year?—A. No.

Q. Did you report any better condition in freights?—A. No.

Mr. SHAW: That is, the fiscal year up to July, 1924.

The CHAIRMAN: They declared no dividend for the fiscal year ending July 31st, 1923, and no dividend for the fiscal year ending July 31, 1924.

The WITNESS: I might qualify that by saying that we could have declared a small dividend, but we preferred not to do so, and put the money to reserve.

By Mr. Montgomery, K.C.:

Q. As a matter of fact, you reported for the 31st of December, 1924, which was as of the 31st of July, that the freight market was still in an unprofitable condition?—A. That is right.

Q. And again repeated that the other cargo companies were all making losses?—A. Yes, that is right; but that does not apply to the Canadian trade, Mr. Montgomery.

Q. I don't think your remarks were restricted to any particular trade, were they?—A. Yes.

Q. In your statements?—A. No, not in my statements.

Q. You were speaking in your statements of world conditions, were you not?—A. Generally, from a cargo-carrying point of view.

By Mr. Kennedy:

Q. Would there be an exception to that statement in regard to the Canadian trade?—A. Yes, if I had been at that time engaged in this business. Of course there are certain trades in which a certain class of shipowners make money running lines, but in that report I am simply referring to a class of steamer which has been called the tramp steamer, where we have to depend upon the open market entirely.

By the Chairman:

Q. But if the Canadian trade was good in 1923 and 1924 and your steamers were tramp steamers, why couldn't you have come into the Canadian trade with them?—A. Impossible. The Conference lines would not allow me.

By Mr. Montgomery, K.C.:

Q. Yesterday you told us that the Conference lines were world wide?—A. Certainly.

Q. Couldn't you find a route where you were not in opposition to the Conference lines?—A. Yes.

By the Chairman:

Q. In 1923 and 1924 the port of Montreal was visited by a considerable number of tramps?—A. Certainly; I agree with that.

Mr. Symington, K.C.: I think he said he was discussing tramp steamers there, not liners.

The Witness: That is the point.

Hon. Mr. Stevens: He has given to us the results of a grain cargo in one of these very ships, the other day, in which he indicates that he made a profit of 1,900 pounds.

The Witness: That is right, Mr. Stevens.

By Hon. Mr. Stevens:

Q. And came light?—A. From Hull.

Q. In ballast from Hull?—A. Yes.

Q. If that is correct, why couldn't you have gone into the grain business or any other cargo business from Montreal or Vancouver during the years 1923 and 1924?—A. Because you cannot always charter a ship in England into the Canadian trade except where you have Conference lines running from.

Q. Frankly I cannot follow you at all, Sir William, when you say in connection with the tramp steamer business that you were under the control of the Conference lines; I really cannot think you are serious in that. For instance, take that year, from Vancouver there were scores of ships there in 1923 and 1924?—A. Yes.

Q. Not controlled by any Conference lines?—A. The conditions were quite different during 1923 and 1924. The trade from Vancouver was very much influenced by the disaster in Japan; there were large shipments of goods from Vancouver to Japan, which gave the tramp steamers an opening for employment. Again, trade from Vancouver is quite different to trade from the St. Lawrence.

Q. Take Montreal?—A. I would like to confine myself to Montreal, because the conditions in the St. Lawrence trade are absolutely unique as compared with any other trade. It is so controlled and concentrated that no man in his senses would attempt to send a ship here not chartered.

Q. I am afraid I have not got the figures, so I will have to speak from memory. Montreal figures show that 68 per cent of the grain shipped—I am quoting from memory only—

Mr. MONRGOMERY, K.C.: 61 per cent, Mr. Stevens.

By Hon. Mr. Stevens:

Q. 61 per cent and more of the grain was shipped out of Montreal by non-Conference line steamers?—A. Yes.

Q. You have such an immensity of cargo that surely you were competent to go into that trade the same as they were?—A. No, certainly not; how could I?

Q. Why couldn't you?—A. It took me all my time to get the Rio Dorado sent out here. I particulary wanted a ship in Montreal, to give people a chance to look at her, to give them a chance of looking at this corrugated ship. It took me all my time to get a charter secured in England via New York. I left instructions when I left home under no conditions to send a ship out without having her chartered; the freight is held in so few hands, that the freights are controlled.

By Mr. Kennedy:

Q. The real difficulty is, you could not get cargo through the brokers?—A. That is the difficulty.

Q. And had the shipowners in the Conference lines some control over the brokers?—A. Yes.

Q. And for that reason a tramp cannot get cargo at Montreal?—A. Unless it is cargo left of the cheaper kinds, which the liners will not take, or cannot take.

By Hon. Mr. Stevens:

Q. Do you seriously state, Sir William, that these freighters which carry 60 per cent and odd out of Montreal secured that cargo as a sort of an act of grace from the liners?—A. I would not call it grace, Mr. Stevens, but in sending out any odd tramp steamers, I do not think you would find any tramp steamers sent in here on the off chance of getting a cargo.

Q. That is a different question altogether; I quite agree with you that the agent of the tramp steamer must necessarily look out for a cargo for the ship before he brings her to that point. But that is not the question. You assert that you dare not enter the St. Lawrence because the Conference lines would, by a system of boycott, prevent you getting cargo?—A. That is true.

Q. Would you state to the Committee that those tramp steamers last year handled some 60 per cent of the grain out of Montreal and did so upon the sufferance of the liners?—A. Yes, certainly. I maintain that with truth; that is my opinion. I express that as my opinion.

Q. Upon what is that opinion based? Because frankly I cannot believe it. While I am not at all questioning your veracity; I cannot believe that your opinion is soundly based at all. If you can give us any good grounds for it, it will be an important point for us to consider?—A. I have been in the trade for some years, and know the conditions well, and to attempt to send any of my ships here—I know where I would be, at all events.

By Mr. Montgomery, K.C.:

Q. We have it in the evidence that tramp sailings from Montreal for the year 1924 were no less than 446?—A. Yes.

Q. Your suggestion is that those 446 sailings were made by an act of grace on the part of the liners?—A. Yes, to a great extent, Mr. Montgomery, and I will tell you also that a great many of those tramp steamers lost money very heavily by coming into the St. Lawrence.

Q. Let me give you a few more figures, Sir William.

By Mr. Kennedy:

Q. Is it the general tendency for the liners to drive the tramps out of the regular business?—A. Will you allow me to give a concrete example?

The CHAIRMAN: Certainly.

The WITNESS: I will tell you of one.

The CHAIRMAN: Answer the general question first, Sir William, and give your illustration afterwards.

The WITNESS: While you are pressing me upon this question, I think I must tell you openly and squarely the situation, and I will give you one concrete example. A certain line of steamers, which has very fine steamers, about 26 or 27 of them, attempted last year to open trade with Canada, and sent their boats in here. They got cargoes to Italy, where they were trading from. It is the Lloyd-Italiana I am now speaking of, a powerful company; they attempted to get freight back again from Italy and France, picking up freight westbound for Canada, the shippers offering even lower rates than were going. The shippers were telegraphed or cabled from Montreal to give the preference to a Conference line. That Conference line picked up goods here, discharged them in Montreal, and took a full cargo back, not to Italy but to England, preventing this other line from continuing. This other line lost about 30,000 pounds last year here by attempting to open trade with Italy. Now, that was a great discrimination against Canada, and it will give you an instance of the situation when anyone attempts to run cargo steamers outside the Conference to this country.

By Mr. Montgomery, K.C.:

Q. Sir William, you are giving us a lot of stuff which we cannot control at all—

Mr. KENNEDY (Glengarry): Just one question, Mr. Chairman, if you please.

By Mr. Kennedy (Glengarry):

Q. In this report from which Mr. Stevens quoted last night, at page 85, Section 186, page 557, there is a comparison between liners and tramps? —A. Yes.

Q. I would like to read a few lines to see if you agree with me?—A. Yes.

Q. (Reading): "We have already pointed out in the first part of this report the large and important part played in our maritime economy by the tramp steamers, which, before the war, comprised about sixty per cent of the total British tonnage, and was indispensible as a means of moving from the various parts of the world the seasonal crops of grain, cattle, wool, rice and similar commodities which it was impossible for the liners on the different routes to deal with. There were, however, tendencies in the years immediately preceding the war, and have continued since its commencement, toward, first, the gradual conversion in some cases of the tramp into a regular liner; the successful competition of an established line where tramp vessels have succeeded in opening up a more or less regular trade; the absorption of tramp vessels by regular liners"?—A. Yes.

Q. Do you agree with those three conclusions?—A. Yes, quite.

Q. That is the general tendency in the trade?—A Well, owners of tramp steamers can afford to drop a considerable amount of money to open trades

running on lines, and they very often succeed, but it is a very hazardous business and it cannot be attempted all the time—that is, for a line to attempt to establish a line independent of the Conference lines. If you, in the shipping business, own a tramp and wish to open up a new trade, you size up the geographical position, and then you, as a business man, ask yourself this question: "Is it worth while to drop a few thousand pounds to establish this line?" If you want to make an omelet, you have to break eggs, and I have done it myself in other parts of the world, but on the St. Lawrence there exists a rather unique position—

Q. In a further comparison of the tramp and liner business, I would like to read another sentence or two and ask you for your opinion on them. This is from Section 188 of this report, page 588?—A. May I ask what that report is?

Q. It is the report from which Mr. Stevens quoted last night on "Shipping and Shipbuilding."

Hon Mr. STEVENS: Of 1918.

By Mr. Kennedy (Glengary):

Q. (Reading): "No doubt the presence of the tramp-owner acted as a wholesome check on the Conference system, but there are indications that when the lines were in position to enter into direct competition with tramps, the former tended to win." Do you think that is true?—A. No. That the liners intended to win?

Q. Yes?—A. Yes, of course; I misunderstood you.

Q. (Reading): "In shipping, as in other industries, the modern tendency is in the direction of large organizations." Is that true?—A. Yes; sometimes when a tramp attempts to break into a trade, to open up a regular line, if it is thought they will succeed, they very often are absorbed by the liners,—amalgamated.

Q. And further: "We see in the first part of this report that the absorption of tramp tonnage by the companies owning regular lines was a most unfortunate feature of the present shipping situation"?—A. I quite agree.

Q. You agree with that?—A. Yes.

Q. (Reading): "In our opininon this absorption is fraught with special danger to the supremacy of British shipping after the war, and only such action as we have recommended can prevent it from being disastrous"?—A. I do not know, of course, the action which they have suggested.

Hon. Mr. STEVENS: The Imperial Shipping Committee. That is what they recommended, and it later was established.

The WITNESS: Of course, I am glad to hear they have such great faith in the Imperial Shipping Committee. I have no such great faith in them.

The CHAIRMAN: I do not know whether Mr. Kennedy expressed faith or want of faith in the report; he was merely asking Sir William if he agreed with the opinions.

The WITNESS: I do agree with the opinions.

By Mr. Halbert:

Q. Do I understand that brokers are employed to secure the tonnage for the shipping lines?—A. You mean the Conference lines?

Q. For the Conference lines?—A. Yes, I think so, but they have their own brokers to procure freight for them.

Q. Then, supposing in a trade you, or some person else, put on a boat to Montreal, for instance, that was not in a Conference line; those brokers would not be inclined to let you have the freight?—A. They would all work against me.

Q. Is that what we are to gather from what you say?—A. They would all work against me.

Q. Supposing they gave you the tonnage, instead of to the Conference line; what would happen to the broker?—A. I think the broker would get fired.

Q. Is it the same way in the cattle industry—with the cattle space? Are there brokers who buy up all the cattle space and re-let it to smaller jobbers? —A. That I am not conversant with. I cannot offer you an opinion on that. In this connection, I may tell you, I should be bound on these ships to carry cattle.

Q. The reason I asked you that question, Sir William, is that there is strong opinion in the province of Ontario that practically four men control all the cattle space for shipping, and anyone outside of those four desiring to ship cattle has to go to them.

Mr. KENNEDY (GLENGARRY): Who are they?

Mr. HALBERT: Schomberg and Brown are two. The shippers have to be at the will of these men in regard to shipping the cattle. If that is true, we want to know it, because it is a serious thing for the men of this province.

By Mr. Halbert:

Q. You cannot give us an opinion on that, Sir William?—A. Not at present.

By Mr. Montgomery, K.C.:

Q. Now shall we go back to something we do know something about, Sir William? In the first place is it your suggestion that the lines employ brokers or pay any brokers at all on eastbound cargo?—A. I did not quite catch that.

Q. Is it your suggestion, or do you assent to the suggestion made by a member of the Committee, that the eastbound freight is controlled by brokers? A. No, certainly not.

Q. Or that the Canadian linees pay any brokerage on eastbound freight? A. Yes, I take it so, as far as I understand.

Q. My instructions are quite the contrary. Except cattle.

Mr. SYMINGTON, K.C.: It is only a matter of terms.

Mr. MONTGOMERY, K.C.: Then we come back to the situation in Montreal; and the grain.

By Hon. Mr. Stevens:

Q. There is not any crime in a steamship having a broker or agent to get cargo for them?—A. Not all all.

Q. It is an ordinary situation?—A. Certainly.

Mr. DUFF: They would be foolish to employ brokers if they have their own organization.

The WITNESS: I mean where brokers are engaged.

By Mr. Montgomery, K.C.:

Q. Now what do you think happened to the unfortunate brokers who procured cargo for these 441 sailings out of Montreal last year?—A. I have no idea.

Hon. Mr. STEVENS: Probably all in the cemetery.

The WITNESS: I have no idea Let me clear this first, Mr. Montgomery, as to the brokers. I did not refer to brokers entirely engaged by the Conference, but if a broker or an agent was engaged entirely by the Conference, I would have thought he would have been under their authority, and I think he is under the Conference, and he would not like to go past a Conference ship and send cargo by any other line without permission.

By Mr. Montgomery, K.C.:

Q. They were not referring to the general ship brokers?—A. No.

By Mr. Duff:

Q. Your idea, Sir William, is that the brokers first offer the Conference steamers the business. And if they cannot take it, then they go and look for a tramp.—A. That is it, that is the position.

Mr. MONTGOMERY, K.C.: That is your idea, Mr. Duff.

Mr. DUFF: That is right. I am just trying to teach you something, Mr. Montgomery.

The CHAIRMAN: I think we have discussed the question of brokers enough; let us go on to another point.

Mr. MONTGOMERY, K.C.: I have some figures on this. I would like to put before you one or two figures we have in evidence, for the years 1923 and 1924: that in 1923 the tramps carried 48,877,723—bushels I suppose that is—against the liners 64,791,401; or 43 per cent against 57 per cent. Those figures are in evidence already.

Mr. SYMINGTON, K.C.: Are they? I would like them in. We were to get, if I remember rightly, the 1923 figures. The only ones quoted in my recollection are for 1924. The question was asked whether that ratio applied to previous years.

Hon. Mr. STEVENS: I know, I did not give figures quoted from this at all. I got mine from the Montreal Harbour Board.

Mr. SYMINGTON, K.C.: 1924, though Mr. Stevens.

Hon. Mr. STEVENS: 1923 and 1924. There is a slight difference and it is accounted for by the holdover in the elevator.

Mr. SYMINGTON, K.C.: The point was, the liners carried more than the tramps, which I understand was the condition every year prior to 1924.

Mr. MONTGOMERY, K.C.: It was in every year. In 1921 the tramps carried more than the liners. In 1922 the tramps carried more than the liners. In fact 1923 is the only exception. If my learned friend wants the figures for 1921, 1922, 1923 and 1924, he can have them.

The CHAIRMAN: May I request that you read out those figures and we will put them in the record. I think it will be valuable to have them. You are giving us the difference of what? Grain carried by liners and tramps?

Mr. MONTGOMERY, K.C.: Do you want them in totals, percentages, or both?

Hon. Mr. STEVENS: Gross bushels and per cents.

Mr. MONTGOMERY, K.C.: They are as follows:—

	%	1921	%	1922
Liners	48	61,028,908	49	72,951,297
Tramps	52	66,063,050	51	75,929,006
Totals		127,091,958		148,880,403
	%	1923	%	1924
Liners	57	64,791,401	39	59,316,652
Tramps	43	48,877,723	61	92,777,327
Totals		113,669,124		152,093,979

The CHAIRMAN: Taking all the years together it is about a fifty-fifty basis is it not?

Mr. MONTGOMERY, K.C.: Oh no, there is one exception, in 1923.

The CHAIRMAN: There was one year in which the liners carried very much more than the tramps.

Mr. MONTGOMERY, K.C.: That was in 1923, Mr. Chairman.

The CHAIRMAN: And all the other years the tramps carried more than the liners.

Mr. MONTGOMERY, K.C.: Yes.

Sir EUGENE FISET: Is not that accounted for by the fact that in 1921 all the vessels that were still under the shipping control were in England and were only released in 1920. Therefore, the cargo and passenger liners were not available.

Mr. FLINTOFT: There is a reference to it on page 16 of the Reply.

The CHAIRMAN: These are bushels of grain of all sorts?

Mr. MONTGOMERY, K.C.: Yes.

Mr. DUFF: Now that you have given us that valuable information, Mr. Montgomery, which is the cargo on which the cheaper rates were paid, I wonder if you could give us the percentages of the better class of cargo?

Mr. MONTGOMERY, K.C.: I have not that information, Mr. Duff, but I think all the evidence is to the effect that the tramps do not get the higher class freights; that is the perishable cargo and things of that kind; that is largely a liner business.

Mr. DUFF: In other words, the reason the tramps carried so much grain was that the Conference lines were carrying a better paid cargo.

Mr. MONTGOMERY, K.C.: No, I understand the tramps come in and take a bulk cargo of grain, and are intended for that purpose; they are not running a liner business, for a general cargo, which involves sheds and regular schedules.

Mr. DUFF: But the liners take the better cargo don't they, and that is the reason the tramps get the larger percentage of low paying cargo.

Mr. SHAW: Mr. Chairman, it might be interesting to know that the average percentage is $48\frac{3}{4}$ per cent for the liners and $51\frac{3}{4}$ for the tramps.

The CHAIRMAN: Nearly on a fifty-fifty basis, as I said.

Mr. MONTGOMERY, K.C.: Now let me give one other piece of information, the promise of 11 pence per quarter higher than the liners.

Mr. SYMINGTON, K.C.: We asked for the figures for the other years. Are they available?

The WITNESS: That is quite natural. Of course the liners could not possibly take all the grain and they want somebody to carry it and they arrange accordingly for the tramp.

By Mr. Montgomery, K.C.:

Q. Now in addition to the unprofitable freight market to which your report refers, I think, Sir William, you have had occasion to refer in your Annual Report to the very large increase in your operating cost?—A. Yes, perhaps.

Q. I am reading at the moment from your 1920 report, the first one I see where reference is made to the cost of working, in these terms:—

> "It was my duty to call attention last year to the greatly increased cost of working, and I am sorry to say that for the period covered by the accounts there has been a very considerable increase in every detail."

The CHAIRMAN: You are reading from what?

Mr. SYMINGTON, K.C.: The 1920 report.

The WITNESS: Are you referring to the report of my Chairman telling you that the running expenses were increased by 300 per cent?

The CHAIRMAN: Just what are you reading from? I would like that made clear.

Mr. MONTGOMERY, K.C.: The annual report of the London and American Trading Company.

The WITNESS: In 1920?

Mr. MONTGOMERY, K.C.: Yes, Sir William. (Reading):—

> "Taking it all together from the beginning, the running charges for insurance, wages, stores and provisions, have increased by 300 per cent; port charges by 200 per cent; repairs by 375 to 400 per cent; and bunker coals by practically 500 per cent. In addition to prices having increased in this remarkable way you will not perhaps be surprised from what you know of our affairs, to learn that both the value of the goods received and standard or service rendered have been lamentably short of what we have been accustomed to in pre-war days. I ventured last year in telling you this to predict"—

Then it goes on to something else.

Q. I would ask you whether or not that report at the time it was made, correctly set forth the situation?—A. In 1920, yes, I had a lot of old boats in those days, not corrugated ships and not up-to-date steamers, I was fortunate enough to get rid of them in 1920.

Q. I don't think your reference is to your boats, but to the conditions as to increases in the costs, to which every shipping man was subject?—A. I agree with that. The expenses were enormously increased, I did not realize to that extent.

By Mr. Duff:

Q. But is it not true that the year Mr. Montgomery quotes from was really a war year?—A. That is correct.

Q. At that time, there were great increases in the cost of freights as well as other things?—A. Yes.

Q. In 1920, in the shipping industry as well as other industries?—A. It applied to the steamers.

Mr. MONTGOMERY, K.C.: I thought it important to draw attention to this, by reason of the fact that a statement was put in in which percentages were worked out as between 1919 and 1923.

The CHAIRMAN: Sir William was himself the Chairman of this company at that time?

The WITNESS: No, Lord Wemyss was the Chairman.

By the Chairman:

Q. What position did you occupy with the company when that report which Mr. Montgomery has mentioned was made?—A. I was the Managing Director.

By Mr. Montgomery, K.C.:

Q. You were then and still are?—A. I still am.

Q. Lord Weymss is the financial President of your company?—A. That is right.

Q. But you are the working Manager?—A. Yes.

The CHAIRMAN: Mr. Montgomery, it has been suggested that we adjourn. At what hour shall we meet.

Mr. SHAW: Is this the gentleman who is an Admiral?

The WITNESS: No, he is a cousin of the Admiral.

The CHAIRMAN: We will adjourn until half past three o'clock this afternoon.

The witness retired.

The Committee adjourned.

The Committee resumed at 3.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, I will ask the Committee to come to order. Sir William, will you please assume again the witness chair?

Sir WILLIAM PETERSEN recalled.

The CHAIRMAN: Proceed, Mr. Montgomery.

By Mr. Montgomery, K.C.:

Q. Now, Sir William, I think this morning we had finished with the freight situation as it existed in the summer of 1924, and I think you told us that you met Mr. Preston some time in the latter part of June?—A. That is right.

Q. And that he put up to you his proposition for his subsidizing of the line, the control of rates and the reduction of rates?—A. That is right; he wrote to me first and made an appointment, and called upon me afterwards.

Q. Was there anything in his letter other than the making of the appointment?—A. He said he would like to discuss important matters in connection with ocean rates.

Q. We are anxious to get all the documents in this case, where we have anything in writing, and I do not want to bother with this if it was merely the making of an appointment?—A. It was merely the making of an appointment, and referring to the business generally.

Q. And when he came to you he put up his proposition?—A. He did.

Q. Did he give you his "frank statement" of the Canadian case?—A. Yes, he did.

Q. How is that?—A. He laid all his cards on the table.

Q. What do you mean by that? Did he discuss the thing verbally with you—A. Yes.

Q. —or present any documents to you?—A. No; it was all discussed verbally; nothing put in writing. He discussed the proposition he brought before me, and asked me if I could formulate some sort of scheme which might suit the Government to control rates.

Q. Did you comply with his request?—A. Not the first time; I took some time to consider it.

Q. And you finally formulated a proposition?—A. Well, I suggested something prior to my meeting Mr. Low—you know, it was not until the end of July that I met Mr. Low.

Q. Now, had you not reached the point of discussing any of the principles with Mr. Preston?—A. Yes; in the course of two or three weeks, up to the time I met Mr. Low, I had discussed matters with him in a general way.

Q. You had not prepared any memorandum of any kind?—A. It was quite late in the day—I had prepared some sort of memorandum, which was handed to Mr. Low by him.

Q. Am I to understand that your memorandum was only prepared about the time you saw Mr. Low?—A. It was handed to him the very day—

Q. That you prepared it?—A. No; it was handed to him the very day I saw Mr. Low. I had prepared it a day or two before, ready to hand to him.

Q. The reason I ask you these questions, Sir William, is that Mr. Preston has told us that he took the matter up with you, as you state, some time in the latter part of June?—A. Yes.

Q. And we have of record a cable which he sent to the Minister on the 30th of June, followed by a letter dated the 4th of July, which would seem to indicate that up to that time you were discussing things rather in detail?—A. Rather in what?

The CHAIRMAN: In detail.

The WITNESS: Yes, we did. I think, after the second meeting, we did discuss things in detail.

By Mr. Montgomery, K.C.:

Q. Were the propositions formulated by you or by him?—A. Well, after some discussion I suggested the adoption of a certain method of meeting the conditions. It was formulated, really, by me; I am the guilty person.

Q. I do not know whether you have seen this correspondence, or whether you would like to have a copy before you—A. You mean the correspondence between Mr. Low and Mr. Preston?

Q. Yes?—A. I have not seen it.

Q. For instance, in his letter of the 4th of July, 1924, he speaks of the proposition as follows:—

"(1) Fare for immigrants not to exceed £6." Was that a proposal of yours?—A. It may have been discussed, but I do not know that we discussed rates for immigrants—however, it may have been.

Q. I want to know how far Mr. Preston was authorized by you to submit that proposal to the Minister?—A. He had my authority to discuss anything I had proposed to him. I wanted him to lay it before the Minister, but as to discussing an exact rate at that time, really I do not remember.

Q. Now, "The carrying rate for cattle shall not exceed $15 per head"?—A. Yes.

Q. You concurred in that?—A. Yes, and I still do.

Q. "(3) Upon general cargoes, such fares as may be agreed upon, but probably not to exceed one-half the rate now charged by the Conference"?—A. Well, I do not think I can remember of any rate being actually mentioned about freight; that was a matter that was left open for the Minister to decide.

Q. Then, is it your suggestion that was speculation on the part of Mr. Preston only, and did not incorporate any ideas which he had discussed with you?—A. No, I would not say that. Of course. we discussed so many things that I really cannot bind myself at the present time to any small detail.

Q. Would you call the carriage of all general cargo, exclusive of the few commodities referred to a "small detail"?—A. Yes, I did at that stage.

Q. Now, Sir William, you were thoroughly familiar with the conditions of the shipping industry at that time, and were you not rather amazed at the suggestion that the revenue of the shipping companies generally should be cut in half?—A. I do not think that was the intention of the Government.

Q. Then either yourself or Mr. Preston was guilty of that suggestion?—A. No.

Q. Shall we exculpate you, and hang the burden on the shoulders of poor Mr. Preston?—A. No; it was evidently a question I had considered very carefully before any idea of a subsidy was brought up. I could not discuss that until I saw Mr. Low.

Q. Sir William, with your knowledge of the conditions in the shipping industry at that time, you surely would have been amazed if any suggestion of that sort were put forward?—A. No, I do not think I would. I think I could do that now—cut the rates in two, and make a very handsome return.

Q. Bearing in mind what had been suggested just a few months ago to your shareholders as to the general state of the shipping industry, and the fact that it was doubtful if a single one had escaped a loss on their undertakings?—A. To my shareholders—

Q. Yes; leaving aside your own position as to what you could do with this highly efficient set of boats of yours,—what, under those circumstances, did you expect was going to happen to the rest of the shipping companies, or did you not concern yourself about that?—A. I did not concern myself about that. I wish to state at the outset that I would like to concentrate myself purely upon the Canadian trade.

Q. Well now, apparently, in addition to discussing rates and subsidies, you would also—

The CHAIRMAN: Excuse me, Mr. Montgomery, but a question suggests itself to me that I want to ask Sir William.

By the Chairman:

Q. Sir William, in your address to your shareholders, of the 31st of December, 1924, you had given them to understand that, although your company had broken even or had done a little better, in the last fiscal year of your company, it was impossible for you to give your shareholders a dividend. Am I right in thus rehearsing your evidence?—A. Quite.

Q. Now, sir, that being so, how would it be possible, or rather will you explain to me how it would be possible to cut rates in half?—A. That could only be possible if I transferred my ships to the St. Lawrence trade, and operated under the protection of a subsidy. I could not do that in the open market.

Q. Was it your feeling then that, without a subsidy, you would lose money? —A. Certainly. I could not attempt to come near the St. Lawrence, apart from any question of not being fixed. There are very few tramp steamers fixed in Montreal; they are all fixed by New York, and in addition to that, the tramp steamers have such enormous delays, because they have to give place to the liners, that part of the profit is absorbed in the delay. The whole situation here seems to be absorbed by the liners, at the cost of the tramp.

Q. Can you state what is the cause of the delay in the St. Lawrence? —A. The delay is caused, for one reason, in that when the liner has no sheds or pier accommodation, the tramp steamer, lying along side, has to get out of the way, and allow the liner to load, and they have to go out in the stream very often and await the loading of the liner, before they can get back in to the berth again, which is an enormous loss of time to the tramp.

By Hon. Mr. Stevens:

Q. The same thing applies to other sections?—A. Not to the same extent, Mr. Stevens, because the Conference Lines in Canada have such enormous power that the tramp steamer is absolutely at their mercy.

By Mr. Kennedy, (Edmonton):

Q. Do the liners have nearly all the berths in the harbour of Montreal taken up in that way?—A. Yes, the tramp steamer has no regular quay space, except such as may be arranged by an agent, to whom you consign the ship, but that agent is in the hands of the liners again, to get the ship alongside the quay, but the overhead elevators, which may be used for the tramp steamer to load grain, can be used. When you get out of the way, you have to stop the loading of the grain and the delay is consequently incurred.

By Hon. Mr. Stevens:

Q. Still they loaded over 400 tramp steamers last year?—A. What are we going to do with the grain for overseas that could not be carried by the liners? You find no tramps merely with general cargo, or very few. That is all controlled by the liners. The tramps seem to get what is left by them.

By Mr. Kennedy, (Edmonton):

Q. Did I understand you to say that most of the grain loaded on to the tramps at Montreal is chartered in New York?—A. Yes, New York. There is not a single one in Canada today that could get a charter for any of my steamers for a grain cargo. I have to do it through New York, and a large amount of the grain I have in my ships is American grain. The chartering is all in the hands of the New York brokers.

Q. Would that be true generally, of the grain that went out in 1924, in tramp steamers?—A. Yes.

Q. Chartered in New York, not Montreal?—A. Yes.

By Hon. Mr. Stevens:

Q. Do you suggest that the reason why the charter market is centered in New York is because the conference lines in Montreal exercise some sinister influence over the chartering in Montreal?—A. No, I do not altogether say that.

Q. Is it not altogether a matter in the course of the shipping business? —A. But no broker could exist in Montreal, without the consent of the Conference Lines. They would not dare to charter any tramp without their consent.

Q. Exactly the same thing applies to San Francisco and again to Vancouver. San Francisco is the charter market for the Pacific and New York for the Atlantic. The fact that the chartering is done in New York and San Francisco respectively, is not due to the influence of the conference liners? —A. I do not know about San Francisco.

Q. But in Montreal you claim it is due to the influence of the Conference Liners?—A. Yes.

Q. Is not New York equally under the influence of the Conference Liners, the same as Montreal? That is the argument we have had here.—A. As far as the part of the conference—the rule of the conference line, is concerned, there are outside brokers in New York, chartering outside ships, such as those who charter mine, through brokerage in New York. My point is that no broker could attempt to charter ships outside of the influence of the Conference Lines.

By the Chairman:

Q. Why?

Sir HENRY DRAYTON: There is not enough business as against New York on this market.

By the Chairman:

Q. Why could not a broker start up business in Montreal, and make a living, getting cargo for tramp ships?—A. He would starve to death.

Q. Why would he starve to death?—A. Because the conference lines would not allow him to make a living.

Q. In what way would they prevent him from making a living?—A. They would not tolerate him at all, unless he submitted to their rules and regulations, and was part and parcel of the conference lines.

Q. Forgive me for insisting on it, but I want to get it cleared up in my mind. In what way would their lack of toleration be expressed? To give a concrete instance: John Jones is a smart young man, and he wants to be a shipper's broker, and he opens up an office on St. Francois Xavier Street. What would prevent him making money, if he knew his business?—A. John

Jones, coming in as a stranger to Montreal, would have to pick up his connections. He would not pick up many Welshmen or Scotchmen; he would have to pick out his connections before he could find the freights. If a shipowner from England cabled home: "I have a ship coming out. Can you fix up the freight for it at a given date; I will take full grain," he could not do it?

Q. Why could he not go to James Richardson & Sons and ask them if they did not want to send a ship load of grain to the old country? I am simply asking for information.—A. I do not know who James Richardson is, but I have never known of any instance where a man could give a cargo to outside shippers, without being chartered in New York.

By Hon. Mr. Stevens:

Q. You do not mean that, surely?—A. Yes. I am only giving you my experience, Mr. Stevens. I cannot do any more.

Q. As to this question about charters, is this not a fact: I might not be using the correct terms, but I think you understand what I am driving at. New York, being a large port, with a lot of cargo vessels coming in, and giving a better opportunity of getting freight, in and out, establishes an ascendency over Montreal, as to the market for chartering ships? Is that right or is it not?—A. Yes.

Q. That is correct?—A. That is correct, to a certain extent, yes.

Q. It is correct, is it not?—A. You are speaking in the general sense. You are not referring to the conference at all?

Q. I am referring to New York, as a chartering market, as against Montreal, that the success or the advantage to New York over Montreal, is, that it is a larger market for freight handling?—A. Yes. Of course, there are so many shippers there that he could go to a shipper and ask him what shipments he has and provide tonnage. You cannot do that in Montreal.

Q. The fact that there is a larger amount of freight coming to New York, providing inward cargoes, affords better charters for outward cargoes?—A. That seems common sense, but if he is discharged in New York and cannot get freights from there, they very often would like to divert them to the St. Lawrence.

Q. My next question is this: As a result of that, New York has built up a large business in chartering them?—A. That is true.

Q. Now then, your broker in New York will have a larger number of prospective cargo vessels on his list than a broker in Montreal would have?—A. Not necessarily, because you can follow every ship so easily. It does not matter what part of the world they are in. Lloyds will tell you the movement of every ship, where they are bound to and when they are due there.

Q. You know that the broker in New York is more likely to give him cargo than the broker in Montreal?—A. It all depends on his acquaintance with conditions in Montreal.

Q. I am speaking in relation to a cargo market?—A. I suppose that is generally true.

Q. The broker in Montreal, who desires to charter a ship, would have a better opportunity of getting such a ship through New York than by waiting or looking for it in different parts of the world. There is a market established there?—A. I do not know of any broker in Montreal, who is an independent chartering broker. I do not know of any. John Jones, I have not found yet.

Q. There were 469 tramp steamers which sailed from Montreal alone last year, and there must be brokers to do that business.—A. Do not forget this, that a large proportion of that grain is American grain, coming by Montreal.

Q. As a matter of fact, that broker in Montreal goes to the New York market, to get that vessel?—A. If he is in existence. I do not know whether he is born yet.

Q. That is not a fair answer.—A. I am trying to give a fair answer, but it is difficult sometimes to answer questions.

My Mr. Montgomery, K.C.:

Q. You were speaking of the liners having priority over the tramp for loading or discharging?—A. Yes.

Q. Are you familiar with the port of Montreal?—A. Fairly well. I used to be very well acquainted with it, but not for the last few years, until my quite recent experience.

Q. Then I wish to ask you whether you——A. I am not speaking of myself now. I am speaking also of the experience of other shipowners.

Q. I would ask you whether your statement applies to anything except the sheds, which the liners occupy for their general cargo purposes, and for which they pay a heavy rental?—A. That is possible.

Q. And I would ask you further whether or not the piers, both above and below Windmill Point, as well as at Hochelaga grain elevator, where the tramp is free to enter—there is no question of any priority of lines?—A. I daresay.

Q. Are you aware that the liner has to have sheds, which the tramp steamer does not have to provide?—A. That is so. Yes, I agree.

Q. Have you inquired into the heavy increases that have been made in these shed rentals?—A. No, I have not.

Q. The figures which I have before me would indicate that they have risen from 1908 to 1924—from 5.83 cents to 12 cents, or an increase of 106 per cent.

Mr. SYMINGTON, K.C.: Is that when they owned their own sheds?

Mr. MONTGOMERY, K.C.: I cannot tell you, Mr. Symington.

The CHAIRMAN: So many cents for what, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: Oh, I beg pardon; that is, per foot.

By Mr. Montgomery, K.C.:

Q. You are aware, are you not, Sir William, that there is considerable anthracite coal brought from the United Kingdom to Montreal?—A. No.

Q. You are not acquainted with that?—A. No.

Q. I was gonig to suggest to you that the charters for those boats are practically all made in Montreal, but possibly you know nothing about that.—A. No, I have heard about it, but I cannot speak positively.

Q. Then let us go on to your meeting with the Minister. I think you told us that you met him towards the latter part of July?—A. Yes, about the 27th or 28th or 29th of July.

Q. Are you speaking just from recollection? Because, for your assistance, I will tell you that Mr. Preston's account seemed to indicate that he arrived about the 18th or 19th of July at Southampton for the purpose of meeting you, I am taking his expense account for those dates?—A. Mr. Preston did? Well, I was not introduced, I think, until the very end of July.

Q. You then prepared a memorandum for him?—A. Yes.

Q. Have you that memorandum?—A. I have not got it with me. But I sent in my correspondence, one to Mr. Low, and no doubt he has it on record.

By the Chairman:

Q. You have not got it yourself, sir?—A. No, I have copies of it in England but not here.

By Mr. Montgomery, K.C.:

Q. You have no copy of the memorandum you sent to the Minister?—A. No, not the one I supplied to the Minister.

Q. When I was speaking of the letter of July 4, I should have drawn your attention to a memorandum which accompanied it, marked "Private and Con-

fidential," which says: "X, is prepared to negotiate with the Government for a steamship service between Canada and Great Britain." No doubt you were "X" at that time?—A. Yes, I was "X" at that time.

Q. That memorandum sets out nine points dealing with freight rates and control?—A. That is right.

Q. And that is the memorandum which accompanies the letter of July 4. I mention that lest you should think I was referring to the one sent to the Minister?—A. Yes, very likely Mr. Preston had a copy of it at the time.

Q. You will see that this accompanied Mr. Preston's letter of July 4, and you told us your memorandum was only prepared a day or two before you met the Minister. I do not want to mislead you?—A. No, quite, I understand; but you know, Mr. Montgomery, it is very difficult for me at this present moment to remember the very date I made this memorandum and handed it. I know Mr. Preston and I had discussed it, and I made out the memorandum ready for Mr. Low's arrival, to be handed to him; whether I handed it to Mr. Preston at that date, or whether I told him to keep it until the arrival of Mr. Low, I really cannot tell you.

Q. I am not directly interested in the date. I was merely trying to find out whether that was the memorandum, or whether it was the expression of Mr. Preston's hopes of what he could do with you.—A. No, the memorandum made out referring to "X", the unknown quantity at that time, was made out by me and it was only made out in one form and has assumed no other shape than you will find to-day.

Q. That was the memorandum you will remember which concluded: "'X' is under contract and is now building a fleet of ten of the highest class ships." You will perhaps recognize it by that?—A. Yes, that is right.

Q. Mr. Donald suggests that I might show you the copy.—A. These are points out of my memorandum, but it is not the actual memorandum I made out for the Minister; these are the points, the essentials, taken out from the memorandum.

Q. Apparently you had other matters under discussion at that time. You may look at my copy of the correspondence, and I will use Mr. Flintoft's.—A. This I do not know anything about, Mr. Montgomery; the correspondence.

Q. I will ask you questions about it, Sir William, if you will look at the letter of July 4, that is the page I want to ask about. I suggest to you that you apparently had other matters under discussion at that time, apart from the fixing of ocean rates, since Mr. Preston goes on to say: "I am inclined to think it will be possible to look upon a programme which will avoid the occasion of the Government asking Parliament again to provide for deficits in the operation of the Canadian Government Merchant Marine." Can you tell us what that referred to?—A. Well, the Merchant Marine was certainly discussed, and I had my eye on the Merchant Marine at the time, but I did not write that letter, Mr. Montgomery.

Q. No, I know that, Sir William; I was merely asking you whether you could help us at all in elucidating it. As far as you can say, it refers to a possible sale to you of the Canadian Government Merchant Marine.—A. Well I will tell you candidly now that Mr. Preston looked upon a proposition of that kind, as ludicrous and advised me very strongly not to touch it.

Q. He was not an agent then for the Canadian Government?—A. Well, he was a very honest one, perhaps.

Q. Did you consider he was advising you or the Government?—A. No, he was not advising me, on behalf of the Government; that was not his mission to England to sell the Merchant Marine. No doubt that emanated from myself.

Q. But he apparently was in favour of a sale of the Merchant Marine? He has told us what he thought of it.—A. Well, probably, I don't know.

Q. And you were a prospective purchaser?—A. Not at an early stage.

Q. But you had your eye upon it as you have told us.—A. Well, a great many other people had their eye on it.

Q. And he strongly advised you not to buy it.—A. He was not in great favour of the Merchant Marine, to advise any friend to go into it.

Q. Then what do you think he meant when he wrote to the Minister and said:

> "I am inclined to think it will be possible to look upon a programme which will avoid the occasion of the Government asking Parliament again to provide for deficits in the operation of the Canadian Government Merchant Marine."

A. Well, I really could not tell you what was in Mr. Preston's mind at that time, except that it arose out of discussions that we had in connection with the Merchant Marine. As I tell you, I had in my mind to buy some of the ships.

Q. Let us pass on then to the next paragraph and see if you can be of greater assistance with it.—A. May I explain a little further? Because I think it is necessary.

The CHAIRMAN: By a sort of telepathy I communicated to Mr. Montgomery that I thought we had spent enough time on the Merchant Marine, because after all it is not just the matter we have under discussion. Therefore I think I would ask you to pass that.

Hon. Mr. SINCLAIR: Sir William is entitled to make an explanation if he thinks it is necessary.

Hon. Mr. STEVENS: Surely.

The CHAIRMAN: If it is necessary, yes.

The WITNESS: I will tell you, I am interested in a very important wharf on the Thames, and it was in my mind to open trade with Russia and make an emporium on my wharf on the Thames, for small ships running to the Baltic, to open trade with the Soviet Government; and the smaller ships, which are lying idle today, in the Merchant Marine, 12 or 14 of them, I had in my mind's eye to purchase in order to utilize them in connection with that contemplated line to Russia. That is the bottom of the whole thing to begin with. Subsequently it developed into a bigger thing, in the course of conversation.

By Mr. Montgomery, K.C.:

Q. Mr. Preston was not referring to the smaller vessels. It was not the sale to you of the small unused vessels, that he is referring to; he is speaking of deficits in the operation presumably of the boats which were in service.—A. Yes, that may be possible.

Q. Now apparently Mr. Preston proposed to hand over something more to you or you had your eye on it. If you will look at the next paragraph in the letter you will see he suggests that it is also possible that the West India-Canadian service might be linked up with this proposed anti-Conference.—A. Yes, I see that.

Q. Are you able to offer any suggestion as to what was contemplated in reference to the West India-Canadian service?—A. No, I do not remember. It may have been referred to quite casually but I do not think there was any special point made of that at the time.

Q. Then the letter concludes with the suggestion that the Minister should come overseas, and he did come?—A. That is right.

Q. And you have told us that you have no copy of the memorandum which you prepared and delivered to the Minister?—A. I have a copy but it is in England.

Q. I should have said that. I understood that.

By Sir Henry Drayton:

Q. Just at that point, Sir William. Did that memorandum stipulate the subsidy? That first memorandum?—A. Yes.

Q. How much?—A. No amount was mentioned. A subsidy to be agreed upon I think. I forget the terms of that memorandum exactly, but I know the size of the subsidy was a matter I could not discuss with Mr. Preston.

Q. In your memorandum to the Minister, did you give him an amount? —A. No, I did not discuss subsidy at all. As a matter of fact, Mr. Low did not want to discuss anything with me until he had seen his colleagues.

Q. You say there was not anything in the memorandum?—A. Not as far as I remember. It could not be at that time.

By Mr. Montgomery, K.C.:

Q. Anyway the Minister will have the memorandum which you delivered to him?—A. Yes, he must have.

Q. And apparently, following the chain of events, the Minister returned, I think some time in the latter part of August, did he not, or the middle of August?—A. I think so, yes, as far as I remember.

Q. And that was followed by a summons to Mr. Preston to come home, on September 5th?—A. I really do not remember that.

Q. I would not have expected you to remember, Sir William, were it not for his reply of September 19, in which he says:—

"Not sailing pending your probable telegraphic instructions regarding strictly confidential question. Certain persons ——"

I think Mr. Preston said you were the person referred to.

"Certain persons anxious not to introduce other channels communicating with you at present."

A.—Yes

Q. You may perhaps recall that your suggestion to Mr. Preston was that it was preferable that he should not return to Canada, but would remain as a medium of communication?—A. At my suggestion?

Q. Yes.—A. That is possible, but I do not remember that arrangement.

Q. All right, let us pass on to something else. Do you recollect receiving a message of the 29th of September from Mr. Preston, reading as follows:—

"We are ready to discuss matter with Jones if he will come to Canada. Proposal looked upon with favour. Advise when Jones will sail."

A. Jones was myself.

Q. Jones was yourself?—A. That is so. Was this from London to Ottawa?

Q. From Renfrew to London, to the Dominion, London, for Preston?—A. For Mr. Preston in London?

Q. Surely.—A. I know nothing of course, about that.

Q. I would assume the message was communicated to you, inasmuch as it was a summons to Canada?—A. Yes, I suppose it would have been, but that was not the time I got the summons to come to Canada.

Q. What was the time then?—A. The time was at the end of October.

Q. I want to keep you straight on dates, Sir William, and I will give you all the assistance I can.—A. You said December. I think you said December.

Q. No, September?—A. I beg your pardon, yes.

Q. I am sorry if I did not speak loud enough?—A. That is impossible. I misunderstood you, and I am sorry.

Q. The reply went back on the 3rd of October, which Mr. Preston read:—

"I am sailing tenth. Other persons week later. In conference with parties on a possible definite basis of rate on freight."

So that you were in conference with Mr. Preston at that time, upon a definite freight rate basis?—A. Was that in September?

Q. October 3rd?—A. Well, it is possible we may have discussed that; I really do not remember now.

Q. Unless he imagined it, or was saying something contrary to the facts, he was in communication with you on a definite rate basis?—A. Well, there was very little discussion took place between Mr. Preston and myself, after seeing Mr. Low.

Q. Is it your suggestion then that Mr. Preston is saying something contrary to the facts?—A. By no means; I do not insinuate anything, except that it likely went from one ear into the other.

Q. Can we agree upon this, that Mr. Preston's cable, sent out when the matter, an all important one, was very much alive, would be more accurate than your recollection at this date?—A. Very likely. I would not like to doubt it, if he sent the cable.

The CHAIRMAN: Mr. Montgomery, I would like to know just what the object of this examination is.

Mr. MONTGOMERY, K.C.: The object, frankly, Mr. Chairman, is this; It is suggested that Mr. Preston took a rather more prominent part in the formation of these negotiations than we have been led to suppose, that he was not held right down to the freight rates with which we were going to have to compete.

The CHAIRMAN: Suppose for the sake of argument that that is so; is it worth our while spending our time upon that aspect of it?

Mr. MONTGOMERY, K.C.: It makes us shudder to think of the possibilities of it, Mr. Chairman.

The CHAIRMAN: All right, go on.

By Mr. Montgomery, K.C.:

Q. In any event, we will pass on. You came out, Sir William, and the contract was negotiated?—A. Yes.

Hon. Mr. SINCLAIR: I would like to ask for some explanation in regard to a remark made by Mr. Montgomery. You did not mean to let us think, Mr. Montgomery, that you would approve of the contract if it was negotiated through some other channel?

Mr. MONTGOMERY, K.C.: No, simply that it was too much Preston; that is my suggestion.

Hon. Mr. SINCLAIR: You did not mean it as a criticism of the contract?

Mr. MONTGOMERY, K.C.: The contract will come later, Mr. Sinclair.

Hon. Mr. SINCLAIR: All right, I get your point.

By Mr. Montgomery, K.C.:

Q. You came out in October, Sir William, and returned when? I assume shortly after the 11th of December?—A. I came out in October.

Q. And you had your negotiations, or continued them, and returned I assume shortly after the 11th of December, the date given in the contract, as I note you were back in London for your annual meeting?—A. That is right. I arrived in London on the 23rd of December.

Q. I hope you spent a Merry Christmas.—A. I was just in time for Christmas.

Q. Your annual meeting followed shortly afterwards?—A. Yes.

Q. I want to ask you a question or two about it, so I prefer to hand you a copy of what purports to be a report of it, and I may ask to have it filed.—A. Is this a copy of the report of my company?

Q. I think so; it corresponds with the printing I have in front of me.

Mr. SYMINGTON, K.C.: It is a newspaper report.

By Mr. Montgomery, K. C.:

Q. I am reading, Sir William, from what I take to be the official report which appears of all these meetings?—A. Yes. Thank you very much for this typewritten copy.

The CHAIRMAN: What is the name of the paper, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: The name of it is *Fair Play,* Mr. Chairman.

By Mr. Montgomery, K.C.:

Q. I understand that the meeting was held, as usual, on New Year's eve, the 31st of December?—A. Yes.

Q. The Chairman said—A. That is Lord Weymss?

Q. Yes. You follow with some personal remarks. I don't know that I need read it.

The CHAIRMAN: It is quicker, Mr. Montgomery, to read it, and then ask him whether it is true or not.

Mr. MONTGOMERY, K.C.: Very well, Mr. Chairman, I will read the report of the meeting, as follows:—

"Fair Play" 8/1/25.

LONDON-AMERICAN MARITIME TRADING COMPANY, LIMITED

SIR WM. PETERSEN

ANNUAL MEETING

The annual general meeting of the shareholders of the London-American Maritime Trading Company, Limited was held on Wednesday last week at the offices of the Company, 6, Lloyd's Avenue, London, E.C.

The Earl of Weymss (the chairman) presided.

The secretary (Mr. M. Huntley) having read the notice convening the meeting and the report of the auditors.

The chairman said: Gentlemen,—it is now my pleasure to move the adoption of the report and accounts, I should like to say, on behalf of Sir Charles Inigo Thomas, that he is exceedingly sorry that he is unable to be present; he has been abroad for the sake of his health. When I had the pleasure of addressing you last year I did not holdout any extravagant hopes of the results that were likely to be achieved in the trading of the year under review, and I am sorry to say that the state of trade generally has not been such as to agreeably disappoint my expectations. As you are aware, although we call ourselves the London-American Maritime Trading Company, we are not, strictly speaking, at the present moment, a trading company at all: we are a holding company in the Thompson Steam Shipping Company, in which we hold nearly all the shares, both ordinary and preference, and therefore we depend entirely for our prosperity on the success of that Company. The Thompson Company, as you will see from the accounts, have traded this last year at a profit of 10,000 pounds, and I think I may safely say that very few, if any, shipping companies have been able to show a profit either on this or last year's working.

SHIPPING PROSPECTS

The Thompson Company is at the present moment in possession of four new steamers, which are as good as any steamers of their class, and the newest one, which is the best of the lot, is doing extraordinary well. We have just had a cablegram to say that one of the comparatively older vessels, the *Rio Claro,* has passed *Dakar,* on the coast of

Africa, steaming $10\frac{3}{4}$ knots on 22 tons of coal per day. Those who understand these things will agree that that is a very remarkable result, and if one of the less good ships is doing this, then I think the result we may expect from the new ones must be something extraordinary. But, of course, however good our ships are, if they cannot get fair freight rates they cannot trade at a profit. I do not think it can be said yet that the trade in shipping has definitely turned the corner, but I think we may hope that it will be so. I do not wish at all to talk politics or to express any political views, but we have a Government now which I think inspires confidence, and confidence begets enterprise, and enterprise produces trade. I think, therefore, we may hope that things will improve all round if only the European situation is clear.

DIVIDEND RECORD

There is very little to be said about our accounts. If you look at the general expenses you will find that they amount to only 263 pounds, which I think you will agree is about as small as you could expect the general expenses of a company like this to be. Of course, there is nothing either for directors' fees or management expenses included, and I would only say that, if we are disappointed with the results of the last three years, we ought always to remember that we have been in existence for ten years, and that during that time we have paid 114 per cent in dividends on the ordinary shares, besides paying off all our debentures. Therefore, although we have had three bad years, the fact remains that we have paid an average dividend of 11 per cent to our ordinary shareholders since we started, and I do not think that is a bad record. But, after all, as Chairman of your Company and as a considerable shareholder, I should like to be able to do a great deal more than merely say, which, I think, we truly may say, that we are spending as little and making as much as we possibly can. I should be a little depressed myself if it were not for one thing. Sir William Petersen has been away from this country for some time and he has returned recently looking in such good health, and in such good spirits, that even although his expedition was a business one, I hope there were pleasant incidents. I cannot help thinking that in the course of that business he may have found room for doing things which I am not in a position to talk about. I have a sort of lurking suspicion that in the course of the New Year—which I hope will be a very happy one for all of you—something may turn up which will enable us to look forward to this year and the years to come with more hope than the present balance sheet or the general trading prospects of the shipping business would justify. I have great pleasure moving the adoption of the report and accounts, and will ask Sir William Petersen to second the motion.

STATEMENT BY SIR WILLIAM PETERSEN

Sir WILLIAM PETERSEN, K.B.E.: Lord Weymss and gentlemen:—It is rather a difficult matter for me to speak on this occasion. On former occasions I have always been asked to prophesy what might happen during the next twelve months. I have not been a great prophet, I daresay, but I do not think I have been a great optimist. I do not think I have led anybody to believe that you might expect something very great for the future. I will only say now that our company is in such a position that I think we might sit quite happy after previous results. Our financial position has always been fairly strong. We have no debentures or mortgages, and no debts to speak of, and although dividends may not roll out to the same extent as they did when the sun was

shining in previous years, yet we are sitting simply hoping, as other people do, that things may improve, as I think they inevitably will, in shipping and other departments of trade. On this occasion it is not necessary for me absolutely to prophesy, but I think I am in a position to speak from some facts, and although I am not in a position to disclose all the facts, I think I might hold out some hopes for the coming year. This is my New Year's greeting to you. I feel quite sure that when we meet next year we shall be able to look back upon a year of very much greater success than that of the one just passed. The business that I have been about has been a little out of the beaten track. You have to go in search of business nowadays; it does not come to you very often. I have been on a business trip which I think may have resulted in some amount of success, and may bring a considerable measure of success to this company. I am not in a position to disclose what the business is, except that it will materialize within the next few months, and I hope that in the early spring we will be able to see our ships sailing under very much more prosperous condition than at present prevail—conditions such as most shipping companies are subjected to, dependent, as they are, on the existing low freights. I think I may say that we may be in a very much better position and independent of the general freight market. I have gone so far that I am afraid I cannot go any farther, except to say that that is not exactly a prophecy, but almost an accomplished fact.

VALUE OF THE SHARES

I merely wish to tell the existing shareholders not to do as some of our shareholders have done in the past—throw their shares away at a discount in a panicky sort of way, because there is no necessity for it. You may take it from me that our assets today and our position today are such that the value of our shares is at least par. I suppose I am the biggest shareholder in this company, and I shall try to get as many more as I can. If anyone wishes to sell I will be quite open to make a reasonable bargain at any time. Perhaps you will think that I am a bit of an optimist. Lots of people call me an optimist, and, thank God, I am. Lots of people say that optimists are steering a straight course for the poor house. Perhaps you will find in the poor house a certain number of optimists, but I am certain you will find a far greater number of pessimists than optimists in a lunatic asylum. (Laughter). At all events, I am giving you this little New Year's message to encourage the shareholders to hold their shares tight in the meantime, and not sacrifice anything, because you have a valuable property which is certainly worth par value. I would like to supplement the greetings of Lord Weymss by wishing you all a very happy and prosperous New Year—more prosperous than the one just passed—and I hope we will meet next year in a happier mood than perhaps some of you have done today. I have very much pleasure in seconding the resolution proposed by the Chairman.

The CHAIRMAN: Sir William Petersen has not told us anything very definite—I did not expect he would—but at the same time my experience of Sir William leads me to believe that his optimism is safer to bank upon than many people's promises.

The resolution was then put to the meeting, and carried unanimously.

The auditors (Messrs. Fincham, Partridge & Company) were reappointed, and a hearty vote of thanks to the Earl of Weymss and Sir William Petersen concluded the proceedings.

That is the Report of your Annual Meeting?—A. That is right.

By Mr. Duff:

Q. Of what date?—A. The 31st of December, 1924.

By Mr. Montgomery, K.C.:

Q. That was the New Year's message?—A. That was the New Year's message.

Q. Now obviously, that reference there is to the subsidy which is to make you independent of the general freight markets?—A. What was the question?

The CHAIRMAN: The question was put in a sort of affirmative form.

Mr. MONTGOMERY, K.C.: Perhaps it was.

By Mr. Montgomery, K.C.:

Q. I said obviously, your New Year's message referred to the subsidy.—A. The contract entered into, yes. It was still kept very secret in England, and here too, at the time, I think.

Q. Which was going to render your company independent of the general freight market. Can you tell us how that subsidy was figured out, Sir William? A. How the subsidy was figured out?

Q. Yes.—A. The subsidy arranged with the Government?

Q. Yes.

The CHAIRMAN: I suppose you mean how they happened to decide upon that figure?

By Mr. Montgomery, K.C.:

Q. Why was it £275,000 instead of £175,000 or £375,000?—A. I think I have a statement here showing how the subsidy was made up. It was made up, of course, to cover the interest under second debentures, and to pay interest for ten years, redemption provided for, and also interest on the ordinary shares making up the cost of the ships, and the working capital. But I think, to save a lot of explanation, I have it here made up. Yes, here it is.

The CHAIRMAN: Shall I read it out?

The WITNESS: If you will, Mr. Chairman.

Mr. MONTGOMERY, K.C.: I would be glad if you would.

The CHAIRMAN: "Particulars of subsidy."

By Mr. Montgomery, K.C.:

Q. You have no copy of that, Sir William?—A. I will let you have that.

The CHAIRMAN: I will read it slowly so you can take notes. This memorandum is headed, "Particulars of subsidy." It goes on, "Cost of ships, £1,500,000. Expenses of organization and working capital, £300,000, making £1,800,000. Financing and yearly charge." "Financing" is the head of one column and "yearly charge" the head of the other column. "First debentures, £750,000 at six per cent."

Mr. MONTGOMERY, K.C.: Is this under "Financing"?

The CHAIRMAN: Under "Financing." "First Debentures £750,000 at six per cent. Yearly charge £45,000. Redemption at four per cent, £30,000."

Sir HENRY DRAYTON: Is that yearly?

The CHAIRMAN: Yes, these are all yearly charges.

Sir HENRY DRAYTON: The debentures are not.

The CHAIRMAN: Yes, the £45,000. The capital is not. Then "Redemption at four per cent"—I presume that is redemption on the cost price of the ships, is it?

The WITNESS: Yes, a sinking fund.

The CHAIRMAN: The four per cent would be calculated on the cost price of the ship?

Mr. SYMINGTON, K.C.: Four per cent of the £750,000 of debentures.

The CHAIRMAN: The redemption to take care of the debenture?

Mr. SYMINGTON, K.C.: Yes, a sinking fund.

The CHAIRMAN: "At four per cent, £30,000, a yearly charge. Second debentures, £400,000 at seven per cent, yearly charge £28,000. Redemption on second debentures at four per cent, £16,000. Preferred shares, £650,000 at eight per cent, £52,000. Depreciation at four per cent on £1,500,000, cost of ships, £60,000. Upkeep, repairs, and contingencies, £44,000".

Hon. Mr. STEVENS: Per annum?

The CHAIRMAN: These are all yearly charges.

Hon. Mr. STEVENS: Upkeep, repairs and what else?

The CHAIRMAN: "Upkeep, repairs and contingencies, £44,000, or £4,400 per ship per annum." These yearly charges, when totalled up, come to £275,000.

By Sir Henry Drayton:

Q. Sir William, just at this point, how long were the first debentures to run?—A. Ten years.

Q. And how long for the second?—A. The same period.

Q. Both sets of debentures are for a ten year period?—A. Yes.

By Sir Eugene Fiset:

Q. The same thing with preferred and common, all ten years?—A. Yes sir.

By the Chairman:

Q. Will the common shares be ten year shares?—A. No, shares for ever.

By Mr. Montgomery, K.C.:

Q. I do not know whether you told us the period of these bonds.—A. Ten years.

Q. Your expectation, then, was that the bonds would have been entirely retired out of the subsidy, or £1,150,000?—A. Well, I think it is only fair that I should make an explanation here, because I think the committee ought to know. In the first stage of the negotiations with the government here, my scheme was quite a different one to what you see now on the question of subsidy. I asked the government to become partners with me and take all the common shares, £500,000, and I would find the rest of the capital, and they could take all the profits, which of course the ordinary shares would control. These negotiations went on for some time; various changes were made, but the government would not become partners or become proprietors of any shares; that was being objected to, and the result was this scheme of getting an assurance of my capital, in connection with running the line without a partnership. When the question of full control was discussed with the government, it meant that they would have in their power to control rates to the very last penny. That is to say, that they might cut into my running expenses and incur a loss, but at all events I had to protect the capital with a substantial subsidy from the government. That was how that was brought about, by pure evolution, the subsidy on that basis.

Q. So that all your annual fixed charges were to be taken care of, interest on your debentures, which represented the greater part of the purchase price of the boats.—A. Half of it.

Q. In that way you were getting back your debenture?—A. Fifty per cent of the cost of the ships.

Q. I understand the cost of your ships was £1,500,000?—A. Yes, and £750,000 is half the cost, is it not?

Q. And also, I think you were putting out £750,000 of first debentures and £450,000 of second debentures?—A. No, £400,000 second debentures.

Q. £400,000 of second debentures, making £1,150,000 of debentures against a £1,500,000 cost?—A. Yes. The £400,000 of second debentures I took myself.

Q. And the entire amount would be refunded to you in the ten years by the—— A. Assured to me, yes.

Q. And in addition to that, the annual interest charges would also be provided?—A. On the preference shares, yes.

Q. And that full depreciation on the total purchase price of $1,500,000——A. That is a very common thing in England in shipping; according to revenue account, we always, as a rule, debit four per cent depreciation, which works up the cost of the ship in 20 years.

Q. So you were getting the cost of your ship back, first, through the retirement of your debentures to the extent of £1,150,000——

Mr. SYMINGTON, K.C.: No, the retirement is only four per cent. How could he retire then in ten years at four per cent?

Mr. MONTGOMERY, K.C.: He just said that.

The CHAIRMAN: He said that, but of course that is not possible.

The WITNESS: I meant to say 20 years, if I did not.

By the Chairman:

Q. Are your debentures 10 or 20 year debentures?—A. 20 years.

By Mr. Montgomery, K.C.:

Q. And you are getting half the cost back in 10 years under the title of "Sinking Fund on Debentures"?—A. Yes.

Q. And the other half back under the title of "Depreciation"?—A. Yes.

Q. Consequently you were getting the entire cost of your ships back in ten years?—A. No, not in ten years.

Q. If the sinking fund would have provided for the retirement of debentures in 20 years, and the depreciation would have provided for the working off of the entire cost of the boats in 20 years, my suggestion was that you would be getting the whole thing back, in 20 years, from the two sources combined?—A. Yes.

Q. Is that right?—A. Yes.

By the Chairman:

Q. Is that right?—A. Yes, sir.

By Mr. Montgomery, K.C.:

Q. In addition to that, you would be receiving the interest of eight per cent on preferred shares. Were you taking that yourself?—A. Yes.

Sir EUGENE FISET: Six per cent.

Mr. MONTGOMERY, K.C.: No, eight per cent.

The WITNESS: Eight per cent.

By the Chairman:

Q. On your first or second debentures?—A. Eight per cent on the preferred shares.

By Mr. Montgomery, K.C.:

Q. And you would, over and above that, have the entire cost of upkeep, repairs and contingencies taken care of out of the subsidy, to the extent of £44,000 per annum?—A. Provided I made sufficient profit to pay for the running expenses and port charges of the ship.

Q. We are coming to that; I wanted to see what was left over?—A. I beg your pardon.

Q. The only thing left to take care of out of your freight would be the actual running expenses, would it not?—A. And port charges.

Q. And port charges?—A. Yes, and they are quite a large item.

Q. Do you recall from your evidence of yesterday, Sir William, what you gave us as the running expenses of the *Rio Dorado,* for instance?—A. Please repeat that question?

Q. Can you recall what you gave us yesterday as the running expenses of the *Rio Dorado?*—A. Yes; £30 per day.

By Mr. Symington, K.C.:

Q. That is without coal?—A. That includes insurance, wages, provisions, deck stores, and a few extras.

By Mr. Montgomery, K.C.:

Q. If there is anything you wish to add to that, I would be glad to have you do so?—A. £30 per day.

Q. Is there anything else you wish to add to that, included in your running expenses?—A. You have got the coal in addition to that.

Q. I would be glad to have that; I want your entire running expenses. Give us the figures you gave us yesterday?—A. Say 25 tons a day on the voyage, multiplied by 24 would give you 600.

Q. By the way, how many days were you counting upon being consumed on this round voyage?—A. It all depends on the delay in port.

Q. What is the average?—A. On the average, I should think I would make that voyage in 18 steaming days—nine each way; and 10 days in port on each side.

Q. Making a total of 38 days?—A. Yes; I called it 40 days.

Q. And 40 nights?—A. Yes.

Q. You are more accustomed to this than I am. We have £30 per day for running expenses, and 18 steaming days, which you said would make how much per day?—A. You are figuring a little too closely. I should say 20.

Sir Eugene Fiset: He said £600 for the whole voyage.

The Witness: Of course, we use a little coal in harbour.

Mr. Montgomery, K.C.: Well, £30 per day would have to be multiplied by something.

The Witness: £30 a day is £1,200 for 40 days. Multiply 25 by 20 and you get the steaming days—500—

Mr. Symington, K.C.: 600; you allowed 100 in port.

The Witness: —then add 600 tons at £1 per ton—

Mr. Symington, K.C.: £5,902—I think that was it.

Mr. Montgomery, K.C.: Yes, I think that is right.

Mr. Symington, K.C.: Receipts.

Mr. Montgomery, K.C.: No, expenses.

Mr. Symington, K.C.: £5,902 for expenses?

Mr. Montgomery, K.C.: I thought it was somewhere about £3,500?

Hon. Mr. SINCLAIR: By how many days did you multiply?

Mr. MONTGOMERY, K.C.: 40; I think that is what Sir William said.

The WITNESS: Yes, £30 by 40 days, and 20 by 25.

By Sir Eugene Fiset:

Q. £1,200 for running expenses, and £600 for coal. That is, £1,800?—A. 500 tons and 100 extra; that is 600.

Hon. Mr. SINCLAIR: That is per round voyage?

The WITNESS: That is per round voyage. That is only as far as fuel is concerned. Of course, there are port charges at both ends in addition to that, which may run to £2,000 on each side, or £4,000. It all depends on the cargo.

By Mr. Montgomery, K.C.:

Q. The evidence you gave us yesterday as regards the *Rio Dorado,* which you were figuring on a 36-day basis was £3,543?—A. Quite true.

Q. For your running expenses?—A. Yes.

Q. And you would like to add a little to that, to make it 40 days instead of 36?—A. Certainly, if you speak in a general way. Would you like a copy of my statement of the voyage?

Mr. SYMINGTON, K.C.: It is in, I think.

Mr. MONTGOMERY, K.C.: Yes, I would like it.

The WITNESS: I would like to have it back again but it will show some of your shipping friends how I made it up, and may give them a wrinkle or two. Here you are Mr. Montgomery (handing document to Counsel). That (indicating) is an exact passage to Hamburg. That ship will arrive to-morrow afternoon at five o'clock in Hamburg.

By Mr. Montgomery, K.C.:

Q. And to that £3543, I understand you would like us to add four days at £30 per day to meet general conditions?—A. Well, Mr. Montgomery, what you have got before you now is an exact voyage, made up of exact figures and facts of the run to Hamburg.

Q. I want to get the evidence clear. You say this is one particular voyage, but to meet general conditions— —A. You speak in general terms of 10 years, and these are the figures I am giving you on that basis.

Q. I want your average so I am asking you for your statement. I am not trying to make one of my own. I understand your suggestion to be that to cover general conditions, four days should be added to that 36, making it 40 instead of 36?—A. I think so; I think that is a reasonable thing to do.

Q. So that to the £3543 should be added £120 to cover the running expenses of four days at £30 per day?—A. That is right, yes.

Mr. MONTGOMERY, K.C.: That is £3663 for the round voyage; £3543 plus £120.

Sir EUGENE FISET: Does that include port charges?

Mr. MONTGOMERY, K.C.: Yes, that includes port charges, Sir Eugene.

Sir EUGENE FISET: Would it—

The WITNESS: No, Mr. Montgomery, excuse me correcting you there. The port charges, if you reckon over a number of years, ought to be based on the port charges in Great Britain, which would amount to about £2000 instead of £550, or whatever it is, in Hamburg.

Q. And would you like to substitute for the £550 some other figures—an average figure?—A. And also the Montreal general cargo is down here at £1300 for loose grain; it would probably cost me £2,000.

By the Chairman:

Q. Thirteen hundred dollars, you mean?—A. No, pounds.

Sir EUGENE FISET: I would like to understand this statement. Is this an estimated cost of 10 operations of these ships? It is an estimate pure and simple?

The WITNESS: Yes, it is an estimate, General, but it is a fairly accurate estimate over about 10 years, which I would require to have covered if the freight were not sufficient to cover these fixed charges.

Hon. Mr. STEVENS: Mr. Chairman, if Sir William would simply amend his statement of yesterday to make it applicable to British ports and general cargo, you would get what is in his mind.

Mr. MONTGOMERY, K.C.: That is right.

By Mr. Montgomery, K.C.:

Q. So we have £3543 to start with; we add £120 to cover the extra four days; now, we have an addition which Sir William wishes to make for port charges in Montreal for general cargo, and London versus Hamburg?—A. £2000 on each side.

The CHAIRMAN: Mr. Montgomery, may I suggest this, that the statement placed in the record yesterday was in connection with a definite voyage, while this, I understand is an estimate.

Mr. MONTGOMERY, K.C.: No; this is the statement of yesterday.

Mr. SYMINGTON, K.C.: It was an actual voyage of the *Rio Dorado* with grain.

Mr. MONTGOMERY, K.C.: It was a round voyage which is now complete, where the expenses were £3,543—the actual expenses, with the exception of the port charges at Hamburg.

The WITNESS: That is right.

By Mr. Montgomery, K.C.:

Q. And you say, to give general conditions—and this was only grain—that the port charges at Montreal should be increased to a port charge which would cover the London charge on general cargo?—A. Yes.

Q. And your suggestion is what figure should be substituted?—A. I think £2,000 on each side would be a fair estimate.

By Hon. Mr. Stevens:

Q. £2,000?—A. Yes, sir, £2,000.

By the Chairman:

Q. You ought to put $10,000 on each end, to cover general cargo?—A. Yes, that is what Mr. Montgomery, I think, is trying to make it.

Hon. Mr. Sinclair:

Q. Is that £2,000 in each port.

The CHAIRMAN: Yes.

Mr. MONTGOMERY, K.C.: I think it is £5,800.

The CHAIRMAN: Put a question. It will crystallize the whole thing.

By Mr. Montgomery, K.C.:

Q. I take it, it would be £5,800 that you would estimate for, if you were handling a general cargo between Montreal and United Kingdom ports?—A. Yes.

Q. And you have there taken London, have you not, as the United Kingdom port?—A. Yes, or Liverpool. I think there is not much difference.

By the Chairman:

Q. Does that £5,800 just represent the port charges at both ends, or a portion of the boat?—A. The entire portion of the boat, the entire voyage, except the fixed charges; I have no management in there.

By Mr. Symington, K.C.:

Q. The depreciation?

Mr. MONTGOMERY, K.C.: The depreciation is taken care of by the subsidy.

By the Chairman:

Q. This £5,800, Sir William, is given as against the £10,000 by Mr. Middleton?—A. Yes.

By Mr. Montgomery, K.C.:

Q. There are no fixed charges in these figures at all, are there, Sir William?—A. No.

Mr. MONTGOMERY, K.C.: The fixed charges are taken care of in the subsidy. Everything is taken care of except the running expenses, and we are trying to find out what the running expenses would be.

The CHAIRMAN: I would like to ask him that question, because I would like to compare his figures with Mr. Middleton's.

Mr. MONTGOMERY, K.C.: We have an enumeration of them.

By Mr. Montgomery, K.C.:

Q. You, no doubt, remember the estimate which was made and submitted to Parliament, as to what could reasonably be expected from a general cargo at conference rates?—A. Yes.

Q. It was in dollars, $43,559.44, which converted at the then rate of $4.80, gave £9,469/8/10. I suppose that would have to be reduced now somewhat, on account of the difference in exchange?—A. That was the gross rate?

Q. Yes.—A. That would leave a balance of about £3,000 net, would it not?

Q. Yes.—A. That is coming out empty and going out loaded?

Q. Yes.—A. That is right.

Q. You have £9,469/8/10, subject to such readjustment as would have to be made, to convert it at $4.85, instead of $4.60?—A. Yes, $4.60.

Q. Those earnings, I am informed, Sir William, would amount, converted at $4.85, to £8,981, the gross receipts, in place of £9,469. That is the difference in exchange.

Mr. SYMINGTON, K.C.: £8,981, you said?

Mr. MONTGOMERY, K.C.: Yes.

The WITNESS: Yes.

By Mr. Montgomery, K.C.:

Q. From which we have to deduct £5,800, leaving it £3,181, to provide for management, expenses and profit?—A. That is right.

Hon. Mr. SINCLAIR: Is the £8,981 an estimate for 10 years, or the actual receipts of the voyage that was given?—A. Yes.

Mr. MONTGOMERY, K.C.: That is shown as a typical voyage, what might be expected from a typical voyage, at the conference rates.

The WITNESS: At that time, yes.

By Mr. Montgomery, K.C.:

Q. So, apparently, there was a considerable latitude for rate reducing?—A. Yes.

Q. Still leaving a considerable margin for profit, over and above the eight per cent, that you are receiving on your preferred shares, plus having the capital cost of your boats paid for?—A. Yes.

Q. Now, in that estimate, you will note that, as you pointed out yourself, it makes no allowance whatever from receipts from westbound cargo?—A. No, none whatever.

Q. And the evidence, I believe, is, that the receipts from westbound cargo would amount to—Do you remember, Mr. Symington? Eighteen per cent, I think.

Sir Eugeng Fiset: Seventeen per cent, the lowest.

Mr. Montgomery, K.C.: It may be 17 per cent or 18 per cent. Mr. Scott gave us the revenue derived from the east and westbound freight.

Sir Eugene Fiset: It was 40 per cent maximum and he said 80 per cent minimum.

Mr. Montgomery, K.C.: Mr. Scott gave us an average. Mr. Scott's report analyzed all of these, but he separated their east and westbound earnings. It is on the last page of the report, page 4.

> "The figures available exceed one half of the total freight earnings on cargo steamers and show that in 1923 seventy-eight per cent was earned from eastbound freight and twenty two per cent was derived from westbound freight."

18 per cent derived from westbound freight.

Q. So we might take it at roughly 18 per cent. That is Mr. Scott's report, that is an average of all that he had accounted for.—A. Yes.

Q. So we might, I assume, reasonably add to the freight figures which we have of £8,981, 20 per cent, to represent the revenue to be derived from westbound freight?—A. No, I do not think so, Mr. Montgomery. You see before you work up the westbound freight you will have to catch your chicken first, before you can roast it.

Q. I would credit you with being a fairly good catcher, Sir William.—A. It takes some little time to get hold of the chicken.

Q. This is only the average. You know that some of them run up as high as 40 per cent?—A. Yes.

Q. You would not expect, if you were running a line for ten years, to come out in ballast?—A. No, quite true.

Q. You would expect a certain revenue to be derived from your westbound traffic?—A. I agree with you.

Q. It would not be unreasonable to suppose that, after you had a little time to arrange your management, that you would, at least, do as well as the average in westbound freight, and that average would appear to be, roughly 20 per cent of the total revenues.

By Hon. Mr. Sinclair:

Q. Is that provided for in the estimate of your voyage expenses?—A. That is the existing lines, with their connections, reckoning on that.

Mr. Montgomery, K.C.: I will leave you on that.

Sir Eugene Fiset: In other words he has taken all his profits on the eastbound trade.

Mr. Montgomery, K.C.: I could not agree with that.

The Chairman: Mr. Middleton told the Committee that, taking the typical ship, of the lines with which he was connected, that ships on a round voyage

would have to earn £10,000, in order to provide for depreciation, investment on fixed charges and a reasonable profit on the capital invested.

Mr. SYMINGTON, K.C.: On a 6,500-ton vessel.

The CHAIRMAN: On a 6,500-ton vessel.

By the Chairman:

Q. How much would you feel it was necessary to earn, to take care of one of your ships in the same trade, per round voyage?—A. Mr. Chairman, I would be very glad to take the same amount on my 9,000-ton ships. I will ask for no subsidy, if that is guaranteed me.

Q. That does convey something to my mind, but what I would like to do is to have you answer the question directly: For a ship of the same size as Mr. Middleton's ship, 6,500 tons deadweight, what would you say you would require to earn per voyage, in order to provide for the various expenses, the profits and interest, which Mr. Middleton provided for in his estimate?

Mr. MONTGOMERY, K.C.: It is pretty hard to make an estimate. The average man does not figure on his bare interest, the average man figures on getting something like the Schwab business, a dollar for the plant and a dollar for the shareholders; having a profitable industrial business, and I assume the same would apply to a profitable shipping business, he would like to get something for interest and depreciation. Unless you knew what was in Mr. Middleton's mind, to get their minds working on the same basis, it would be pretty hard to make the comparison.

The CHAIRMAN: The question is just as fair in Sir William's case as in Mr. Middleton's case.

The WITNESS: Can I answer the question?

The CHAIRMAN: Yes. You may answer the question.

The WITNESS: This is purely a hypothetical question.

By the Chairman:

Q. Yes?—A. If I had £10,000 and I only made 6 trips, that would be equivalent to £60,000 a year, and to run that at £5,000 each way, that would leave me £40,000 net profit in six trips.

By Hon. Mr. Stevens:

Q. Including interest on investment and depreciation?—A. No.

Q. Mr. Middleton's figures included depreciation.—A. That is a simple matter to deduct.

The CHAIRMAN: I will relieve you from the responsibility of answering that question.

Hon. Mr. STEVENS: I think it ought to be made clear that the figures Mr. Middleton submitted included everything.

The CHAIRMAN: I tried to make that as clear as I could, but Sir William is merely giving us operating expenses. That is the reason I am abandoning my question.

Mr. SYMINGTON, K.C.: I think the subsidy takes care of all this. Sir William takes six voyages.

Sir HENRY DRAYTON: Sir William takes six voyages; you are taking eight.

Mr. SYMINGTON, K.C.: He has computed it on eighty, as I understand it; that is, £3,435, and he is giving his operating expenses outside that as £5,800, which would be a total of £9,235 per voyage on these 9,000 ton ships.

Hon. Mr. STEVENS: As against 10,000 which Mr. Middleton estimated.

Mr. SYMINGTON, K.C.: Well of course, as to the interest on the investment, that depends on what per cent is taken.

By Mr. Montgomery, K.C.:

Q. Now, Sir William, we have heard about it from your end. What were the Canadian public to receive in return for that subsidy, apart from the theoretical control of rates? Or the practical one if you like, how many voyages of these boats were they going to get?—A. How many voyages would I guarantee? I cannot guarantee any voyages, because it would be entirely in the hands of the Minister of Trade and Commerce to send the ships where he liked, keep them as long as he liked and direct them where to go.

Q. You are not suggesting that the Minister of Trade and Commerce is going to operate your boats for you?—A. No, certainly not; but he has the right to direct them, and I am bound to send them where he directs them to go.

By the Chairman:

Q. Suppose for the purpose of this question that you are directed to conduct this service between the St. Lawrence route in summer time, and the St. John and Halifax in winter and the United Kingdom ports?—A. Yes.

Q. Suppose we take that for granted, how many voyages would you—A. Figure on?

Q. Yes, would you figure on per annum?—A. Oh, I think I might figure on eight voyages, round trips, with my ships' speeds.

By Mr. Montgomery, K.C.:

Q. You would make eighty voyages?—A. Yes.

Q. With the ten ships?—A. Yes. Bar accidents of course.

By Hon. Mr. Stevens:

Q. That is a maximum?—A. Yes.

By Mr. Montgomery, K.C.:

Q. You are not making any provision there for annual lay-up for overhaul?—A. Yes, that would still leave a few days for drydocking; still leave ample time for drydocking.

Q. What do you call ample time?—A. Eight trips I think would leave about 45 days to spare. I could easily figure that for you, but taking eight trips.

Q. You are figuring eight times forty?—A. Yes, forty into 365.

Q. I understand. In your number of voyages, Sir William, have you taken into account winter as well as summer voyages?—A. Yes.

Q. Let us shift them to the something else for a moment.

The CHAIRMAN: May I suggest that if you are just at the end of one subject, that perhaps we might adjourn, or have you something you can go on with immediately?

Mr. MONTGOMERY, K.C.: I can go on, Mr. Chairman.

The CHAIRMAN: We will adjourn until Monday evening at 8.30.

The Committee adjourned.

PARLIAMENTARY SESSION, 1925

Special Committee appointed to consider the

Resolution

to give the Government of Canada control over certain ocean rates

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Proceedings of the Committee

No. 25—Monday, June 1, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee

Messrs. George H. Montgomery, K.C., E.P. Flintoft, C. Russell McKenzie, for the steamship companies

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Sir William Petersen, K.C.B.E., Ship-owner and Manager, London, England.

EXHIBIT

No. 93—Particulars of Subsidy. Filed by Sir William Petersen. (Read into evidence).

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
COMMITTEE ROOM No. 277,
MONDAY, June 1, 1925.

The Committee met at 8.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—14.

Sir William Petersen, who was again in attendance, was further examined and retired.

During the course of his examination the witness filed Exhibit No. 93, "Particulars of Subsidy" which was read into evidence.

The Committee adjourned at 11.05 o'clock p.m., to meet again at 11 o'clock a.m. to-morrow, Tuesday, June 2, 1925.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM No. 276,
HOUSE OF COMMONS,
MONDAY, June 1, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at eight-thirty o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have a quorum, so the Committee will please come to order. I will ask Sir William Petersen to resume the witness chair.

Sir WILLIAM PETERSEN, K.C.B.E., recalled.

The CHAIRMAN: Gentlemen, before we proceed with the examination of Sir William, and subject to the approval of the members of the Committee, I think it well to suggest that the hearing of evidence shall end to-morrow evening. We will hold a session to-night, and will hold as many sessions to-morrow as Counsel may desire, and at the close of our last session to-morrow, there shall be no more evidence heard. Of course, that is always subject to the right of the Committee to make up their minds that they wish to have someone called to enlighten them on any particular point, but so far as this is a lawsuit, so to speak, I order that the enquette be closed to-morrow.

Sir HENRY DRAYTON: I take it you are only referring to witnesses called by Counsel.

The CHAIRMAN: That is the understanding, and my Committee being with me in that regard, I ask Counsel to govern themselves accordingly, and I am sure they will do so with alacrity and delight.

By Mr. Montgomery, K.C.:

Q. I note on page 1001 of your evidence, Sir William—referring to the printed report of this Committee's proceedings—that these ships had been contracted for prior to this contract?—A. That is right.

Q. And I assume by that, when you say "prior to this contract" you mean prior to the inception of the negotiations for this contract?—A. Quite right.

Q. Now, at a later date I see from your statement to the House that you furnished an estimate of your presumed voyage results. I am quoting now from pages 756 and 757 of Hansard, what we have come to know as the "ideal voyage"?—A. Yes, sir.

The CHAIRMAN: "Ideal" or "typical"?

Mr. MONTGOMERY, K.C.: A typical voyage.

The WITNESS: I do not think I have Hansard here.

Mr. MONTGOMERY, K.C: It is a question of a different point of view; they call it typical but we call it ideal.

Sir EUGENE FISET: There is a slight difference.

The CHAIRMAN: Sir William will be able to respond more easily if he has a copy of Hansard before him. What date was that?

Mr. SYMINGTON, K.C.: March 3rd.

The CHAIRMAN: Mr. Montgomery, proceed and in the meanwhile we will get a copy; it may be helpful.

By Mr. Montgomery, K.C.:

Q. In that estimate you included a statement of your fixed charges?—A. Yes, sir.

Q. I see that the cost of your ships is put down at £135,000 each?—A. That is right.

Q. So that your 10 ships would cost £1,350,000—A. On that basis, yes.

Q. Which, for the purpose of the calculation of the subsidy, I note becomes £1,500,000?—A. Quite true. Shall I explain how that was made up?

The CHAIRMAN: Yes.

The WITNESS: I added steel cattle fittings and refrigerating space for each ship, which I think you will find will work out at about 150,000 per ship. That was the difference between the two. That was not included at that time in that estimate.

By Mr. Montgomery, K.C.:

Q. Now, Sir William, this statement that you furnished to the Government and which is reproduced on page 757, was for the purpose of showing what your result would be including the payment of your fixed charges, was it not?—A. Yes, sir.

Q. And in that statement you show, in your receipts, that you are including cattle—in fact, 420 head of cattle?—A. Yes, sir.

Q. You also show that you are carrying a refrigerated cargo?—A. Yes, sir.

Q. And yet you show your fixed charges based on the cost of the boats, as being £135,000, and not £150,000?—A. Quite, yes.

Q. So that one or the other is right, is it not; either the statement given on Friday for the purpose of your subsidy is incorrect, or else the statement which you furnished for use in the House is incorrect?—A. No; it was quite correct, because the £135,000 was for the bare ship, without additional cattle fittings and refrigerating space. There was, in the first instance, a very small space for refrigeration, only for chilled products, whereas, later on, I found out that the Government required a very much larger space to be used also for frozen meats.

Q. You told us the other day that you hoped you would not be obliged to put in any?—A. I am aware of that. I always knew—

Q. In your estimate of refrigerated space you had included a certain amount for butter, and some other item which you mentioned, and you said that it might be found later on to be required to put in a space for frozen meats— —A. That is right.

Q. —but you hoped that would not be true?—A. That is quite true, because it is much more expensive, but I have to make provision for it, because I was told to do so.

Q. Now, just try to follow me, Sir William. You certainly showed me in your statement for the purposes of your typical cargo that you would be carrying your full complement of cattle, and had made provision for that purpose?—A. Yes.

Q. I presume 420 head of cattle is your full complement?—A. No; I think 450 is the maximum.

Q. Whether it be 450 or 420, you gave us a boat which was supposed to be equipped for the carriage of cattle?—A. Yes, sir.

Q. And you gave us a boat which was supposed to be equipped for the carriage of refrigerated cargo, which did not include frozen meat?—A. That is right.

Q. And you showed us the capital cost of the boats involved for the purpose of this statement at £130,000—A. Yes.

Q. But for the purposes of your subsidy the amount is £150,000, or £1,500,000 in place of £1,350,000?—A. I did not quite understand that question.

The CHAIRMAN: Read the question.

(The question read.)

The WITNESS: Yes.

Sir EUGENE FISET: In fairness to Sir William Petersen, I want to say that I understood the other evening that he said this additional space was to be provided and the ships fitted for cattle transportation. I think that should be mentioned, in fairness to Sir William.

Mr. MONTGOMERY, K.C.: That was his first statement. I have no desire to be unfair to Sir William. That was his statement, that the difference would be taken up in providing for refrigeration space, and providing for cattle fittings.

The WITNESS: Yes, Mr. Montgomery.

Q. If that were correct, then your statement was misleading, because the ship provided for both and still had £35,000— —A. I am sure Mr. Montgomery is too fair to allow this to pass without comment, on my behalf. The statement on that particular steamer was made and handed over in November, 1924, before the contract came into existence; but there was no question of simply complying with the contract. I produced that estimate; in the building of a ship under a government contract a great many things have to be added involving a great amount of money.

Q. I do not think the explanation covers it, because you know what the contract price was, and you gave it in that statement, a ship, with full provision for cattle and refrigerated cargo.—A. I did that in November, 1924, before the contract was made.

Q. Let us take the next item, expense of organization and working capital, £300,000?—A. Yes.

Q. For which you required to provide annual charges?—A. Yes.

Q. How did you get at that?—A. How did I get at it?

Q. Yes.—A. Well, let us assume £150,000 working capital.

Mr. MONTGOMERY, K.C.: It is not constructed yet.

Mr. SHAW: Organization and working capital?

Mr. MONTGOMERY, K.C.: Yes.

Mr. SHAW: £300,000?

Mr. MONTGOMERY, K.C.: Yes.

The WITNESS: Yes, I think I have told you that I have allocated, for working capital, £150,000; then the issue of the company, the registration issue of the company, and the expenses already incurred, preliminary expenses £150,000.

By Mr. Montgomery, K.C.:

Q. The registration of the company would not involve any considerable amount?—A. The registration of the company would be £20,000 alone, in England.

Q. The registration of the company would be £20,000 alone?—A. Yes, £20,000, it cost me.

By the Chairman:

Q. $100,000?—A. No, sir. For £2,000,000 sterling.

Q. I am putting this into dollars, because we incorporate a company so much cheaper on this side of the Atlantic even when people protest against lawyers' charges.—A. I might save, I suppose, £80,000 or £90,000, in this country.

By Mr. Montgomery, K.C.:

Q. £20,000 for the registration of that company sounds rather extraordinary to our ears. Take it at £20,000?—A. It is £20,000, for £2,000,000 sterling registration of the company. I think you will find that is right.

Q. £2,000,000 sterling. Was that what you were figuring on for your capital?—A. That was the company I was going to register, yes.

Q. That is £50,000 preferred, and the rest common?—A. Yes.

Q. And the whole of the cost was taken up by your boats on that voyage?—A. I am not going to limit myself to the amount, but if I register it for two millions, I want to reduce it, to save expense.

Q. You have £130,000 still to go. Can you give us any light upon that?—A. Yes, the underwriting of the company in the issue—I suppose it would come to probably £60,000.

Q. £60,000 to underwrite first debentures with a contract behind it; six per cent debentures, with a government contract behind it at seven per cent. Is that your suggestion?—A. That is my estimate.

Q. Your estimates are rather generous, are they not?—A. I do not think so.

Q. The cost of financing in England is certainly higher than it is here.—A. No, sir. You have now £60,000 and £20,000.

Q. That means £60,000 and £20,000 makes £80,000?

By the Chairman:

Q. You have £70,000 to go. How is that £70,000 made up?—A. I suppose I spent about £60,000 myself.

By Mr. Montgomery, K.C.:

Q. I understood you to say £50,000 to £60,000?

By the Chairman:

Q. How much did you say?—A. £50,000.

By Mr. Montgomery, K.C.:

Q. Already?—A. Including my visit to Ottawa, yes; I think, very nearly. However, Mr. Montgomery, if it is a question of the reduction of a few thousand pounds, it is neither here nor there. I have not gone into very minute details of calculation.

Q. It probably does not bother you, £275,000 a year, but the Canadian taxpayers have to pay for it.—A. I do not want anything from the Canadian taxpayers in connection with that company.

Q. We have to have the reasons why you were to get £275,000?—A. I do not think you quite understand that. That is what I had, to consult, the risk. I have to again point out to you and your clients that I am bound to have this as an insurance policy, against running up against your friends, the conference lines; otherwise it would be impossible for me, if they tried to cut me, cut the rate, and fight me, and the Government cut down bare into my running expenses, it is necessary for me to allow for some substantial figure to provide against these contingencies. I am not restricting myself to a pound or two of what the real issue will cost, or the underwriting. These are estimates, and I am prepared to go either way a few thousand pounds.

Q. We have it that these are estimates, up to £80,000?—A. Yes.

Q. As regards the remaining £70,000, £50,000 or £60,000, you have spent that on your trips to Ottawa?—A. I have been on this two years; I had naval architects, travelling, plans, models, experiments of all descriptions, and it all runs into money.

Q. In the first place Mr. Preston, I understand, only saw you for the first time, at the end of June?—A. Yes.

Q. Up to that time you had no thought of any Canadian contract, and your boats you had already contracted for?—A. Not the boats required by the Canadian contract. The boats, yes, were contracted for, but it is not the same boat; the boats had to be very much improved, and the cost added to, in order to comply with that contract.

Q. That is a new suggestion.—A. No, it is not a new suggestion, not on my part. No, I will take exception to that. I did not make any new suggestions.

Q. My recollection is very poor if that suggestion has ever occurred in the evidence before.—A. Well, I am sorry, but that is absolutely correct.

Q. The boats, as I understand it, were monitor type, cargo boats?—A. Well, yes, of course; they were the type contracted for.

Q. The only improvements you have so far suggested were the provision for refrigeration and cattle fittings?—A. Yes. These are very important items.

Q. I think we have taken up the slack in this, and there was still the increase suggested, from £135,000 to £150,000?—A. Yes, I think I will not be many pound out.

Q. I do not think so, Sir William?—A. No. I certainly will not be many pounds in.

Q. Now, we will not bother with the odd £10,000 or £20,000 that you still have left over in your first £150,000, unless you have something you wish to add to it?—A. I have not the accounts with me now, that are made up.

Q. Let us take the other £150,000, for working capital?—A. Yes.

Q. You have told us your expense per voyage would be something under £6,000.—A. Are you referring now to this rate per ship?

Q. I am referring to your evidence of the other day?—A. £5,800.

Q. Supposing you had to disburse the entire amount of your expenses before you get back one dollar from your freight, you would have to provide £6,000 per boat, working capital?—A. £5,800.

Q. We will call it £6,000, to be generous.—A. Very well.

Q. For ten boats, you would have to provide £60,000 working capital?—A. Yes.

Q. That is on the assumption that the boats were making the voyages at the same time, and that you had received nothing from the freights, for any of them?—A. Yes.

Q. And your total working capital would therefore be £60,000 on that outside estimate?—A. No. I think you are wrong in your instructions there. Any of your shipping friends will tell you that insurance is a very big item, in shipping, in the management. You have to pay your insurance ahead, by quarterly instalments. That means a large sum of money to begin with.

Q. As I understand it, in your voyage expenses you had included everything that should be included, and property debited, and you had included insurance in that?—A. No, sir. I had to know the working capital you are speaking of, £150,000. Why have I allowed for that? I allowed for that to pay out large sums in advance.

By the Chairman:

Q. What would your insurance freight be on those vessels?—A. I insured them at 65s per cent; a very low rate.

By Mr. Montgomery, K.C.:

Q. 65 shillings on the 100 pounds?—A. Yes.

Q. That would be about three per cent?—A. Three per cent. Take the ships at £150,000.

By the Chairman:

Q. I would have appreciated your explanation on that. It is not fair to ask him to go on, without asking him to clear it up, in my mind. You have put in an estimate, Sir William, produced in the House, as shown on page 757 of Hansard of this year, and you gave, among your operating costs, insurance £13 per day?—A. Yes.

Q. That is per day?—A. Yes.

Q. After you have put that in your operating cost, can you say you need to make a similar charge, in respect to your working capital?—A. Certainly, Mr. Chairman. Unless I have that paid in advance, where am I going to get that amount? I cannot get it out of the voyages. The voyages will have to be made first, but I have to put it down to my insurance brokers at Lloyds. That is where the working capital is helping.

Q. It is paid once in advance, in respect to what is insured?—A. Yes.

Q. Then you cannot put that in your working capital? At least it strikes me that way. You may be able to explain it, so that I will see it. It looks to me as if it were bad accounting, and I say it with respect to Mr. Stevens, that you charge, first of all, insurance in your operating expense, and then you say, "I have to have so much in working capital."

Hon. Mr. STEVENS: He means that he pays the insurance which he has to pay in advance, just distributing so much of it for each ship.

The WITNESS: That is right. I must have that to draw upon in advance. That is what the working capital is utilized from, Mr. Chairman.

Mr. BLACK: That is right.

Hon. Mr. STEVENS: I don't know that it will be necessary to pay a full year in advance.

The CHAIRMAN: That does not make much difference, whether it is all in advance, or quarterly.

The WITNESS: It is quite a common thing, Mr. Chairman, to pay it quarterly, but it has to be provided for.

By Mr. Montgomery, K.C.:

Q. I understand that that insurance is only paid quarterly, that you only advance one-quarter.—A. Sometimes we advance the whole year, and sometimes quarterly; it depends upon how much working capital you have.

By Hon. Mr. Sinclair:

Q. You might be generous and say half-yearly?—A. Yes. That is a matter of arrangement with your insurance brokers.

By Mr. Montgomery, K.C.:

Q. As a matter of fact, you are at liberty to pay quarterly if you like? —A If your broker is agreeable.

Q. You arrange the time as your voyages go on?—A. That is right.

Q. That will provide for all your ships being out?—A. No, that is only as far as the lines concerned we have been talking of now; but in connection with shipping management, there are a great many other amounts which have to be accounted for, for which you have to have money to draw upon.

Q. And for that reason we are allowing you as if you were out of pocket the entire amount before you had ever received one cent from your voyage? —A. I will be obliged to you for that, Mr. Montgomery.

Q. We are allowing you 6,000 pounds instead of 5,000-odd as a disbursement entirely out of pocket, and in respect of your ten ships, it is as though they were starting out entirely at once, on one voyage, and that is certainly as generous as one could wish, is it not?—A. You think so?

Q. And on that basis the total working capital required would be 60,000 pounds?—A. You are cutting it very close, Mr. Montgomery. I would like you to manage ships a little while.

Q. You are asking us to pay interest on 150,000?—A. Yes, and that is a very small amount on a concern of this size, 150,000 of working capital.

Q. But it is the amount upon which Canada is required to pay you your annual interest and other charges?—A. Yes.

The CHAIRMAN: I would move on to another subject, Mr. Montgomery.

Mr. MONTGOMERY, K.C.: All right, Mr. Chairman.

By Mr. Montgomery, K.C.:

Q. As you had all your contracts for these boats before arranging for your terms of payment, you know how you were going to finance them—A. Yes.

Q. I see that in your fixed charges, or list of standing charges shown on page 757 of Hansard, you figured one-half of the debentures at 5 per cent? —A. Yes.

Q. And for the purposes of the subsidy, the same one-half debentures have grown to 6 per cent?—A. Yes.

Q. Without going through all the details, your standing charges or fixed charges against which you will require to be protected, and for which provision has to be made, have grown from 80,000 pounds as given in your expense account attributable to the boat (in Hansard) to 270,000 pounds per annum as shown for the purposes of the subsidy?—A. Are you again referring to that ship mentioned in Hansard?

By the Chairman:

Q. Yes.—A. That is a pure illustration made long before the contract was entered into with the Canadian Government.

By Mr. Montgomery, K.C.:

Q. The figure frequently quoted is quoted as showing that they ought to be able to make money?—A. At that time it was taken as a typical illustration of what a ship could do, and there was a change in the cost at that time of the ship.

Q. Are you suggesting that the costs have changed so much since that time and up to the present time that what would necessitate a provision for 80,000 pounds on the 11th of December had grown to 275,000 pounds?—A. No, but I have already explained to you, Mr. Montgomery that the cost of the building of the ship in the first instance has not changed, but the additional cost of bringing her up to the standard required by the Canadian Government contract brings it up to a much higher figure.

Q. Are you suggesting that the additional cost required to bring the ship up to the standard required by the Canadian Government contract would account for any considerable proportion of the increase in your standing charges from 80,000 pounds to 275,000 pounds per annum?—A. Not so much as that; I don't think you are quite correct. How do you make up your figures?

By Hon. Mr. Sinclair:

Q. How do you make it up?—A. One-half the debentures, say on 8,000 pounds per boat would be 80,000 pounds per annum for the ten boats.

The CHAIRMAN: In the last estimate submitted, what was it, what was the corresponding amount?

Mr. MONTGOMERY, K.C.: 275,000 pounds. The total standing charges for which provision has to be made out of revenue and the only standing charges as represented to show what the net profit should be was on the basis of 8,000 pounds per boat?

The WITNESS: Yes.

Q. Or 80,000 pounds for ten boats?—A. Yes, quite so.

Q. As compared with 275,000 pounds, which we also know is for ten boats. That is why I multiply by ten?—A. And in that estimate we have taken no account of working capital.

Q. Was that estimate a misleading estimate to lay before Parliament? —A. No. It was never intended as a serious estimate; it was merely taken as a typical example at the time of what this boat we had building could do under certain circumstances.

Q. It was not to be taken seriously, then?—A. It was not a basis for the contract.

Q. But you know it was used seriously?—A. I think anybody could use it as a basis, without going into the minute details you are going into now.

Q. But not to go in a very few months from 80,000 to 275,000?—A. I do not quite see how you arrive at that.

Q. Your standing charges furnished for use in Parliament amounted to 8,000 pounds per boat, or 80,000 pounds for ten boats, did they not?—A. But what about the working capital?

By the Chairman:

Q. Have I got this right, Sir William Petersen, that in this approximate result found on page 757 of Hansard of this year, the standing charges to take care of the bonded interest, of the interest on debentures, amounted to 8,000 pounds per ship?—A. Quite right.

Q. Or 80,000 pounds for ten ships?—A. No, for the one ship, 8,000 pounds for the one ship.

Q. Or 80,000 pounds for the ten ships?—A. Quite right.

Q. And the difference between that approximate estimate and the figure mentioned here of 275,000 pounds is explained by the fact that the first approximate estimate did not provide for working capital?—A. Not only that, Mr. Chairman, but the first estimate here—the ships were estimated at 135,000 pounds cost, where they ought to have been 150,000 pounds to comply with the contract. Furthermore, here is 5 per cent only allowed for debentures, where I had to pay 6 per cent for debentures under the Government contract.

By Mr. Montgomery, K.C.:

Q. That is to say, your information when you furnished this estimate in November about this Government contract was that you would get your money for 5 per cent, and with a Government contract and an assured subsidy you were figuring on having to pay 6 per cent?—A. You are quite wrong, Mr. Montgomery. I will tell you how that came about, and I will explain it to you. On the basis here I had that contract and had 600,000 pounds granted me by the British Government, which was to be acceptable to a million pounds issued at 5 per cent for 20 years, but when they heard I had entered into a contract with the Canadian Government the British Government cancelled this facility of 5 per cent, and I had to arrange to pay one per cent more for my debentures.

Q. I was just coming to that facility question, Sir William; I was also struck by that.—A. That is very interesting.

Q. So that your suggestion is that for only 50 per cent of the cost of your ships, and with an assured annual return guaranteed by the Government of Canada of several times more than the amount required to take care of your debentures, you could not raise money on first mortgage debentures for less than 6 per cent?—A. No, that is not true, and I will tell you why. I had no such assurance from the Government of Canada, nor have I to-day, because the Government of Canada could cut down the rates on my contract to a penny a ton, and I would have to pay men many thousands of pounds for the running expenses; therefore I have no assurance of that, and it is quite wrong. Go on to another basis. You are quite wrong.

Q. Are you seriously suggesting that you contemplated the possibility of the Government of Canada cutting down freight generally to a penny a ton? —A. No, certainly not, not this Government; but we might have another Government in power a year hence, which might have quite different views.

Sir HENRY DRAYTON: You will.

By Mr. Montgomery, K.C.:

Q. And was it against that contingency you were requiring such an ample margin?—A. I think for ten years you have to be careful, in politics, in what you are doing for ten years.

Hon. Mr. STEVENS: One per cent extra, Sir William, would only be about 675 pounds per year per ship. That would not make up the difference.

The WITNESS: I do not say it would be a great thing. As a matter of fact I was greatly pleased when the Government of Great Britain cancelled it, because it got rid of a great deal of red tape which I could not comply with in a contract of this kind. Mr. Montgomery brought me into this difference between 5 and 6 per cent; it was not because the Canadian Government wanted so much more, but because they cancelled it. They still say I can have it if I go into any other trade.

Hon. Mr. STEVENS: Better allow the 6 per cent.

Mr. MONTGOMERY, K.C.: Let us go on to the next item, Sir William.

Mr. SYMINGTON, K.C: Let us clear this up. In the March 3rd statement there is nothing allowed but the first and second debentures, and in the statement last night he was allowed but 650,000 pounds to be invested in the boats.

Sir HENRY DRAYTON: Have you the statement Sir William read the last night.?

The WITNESS: I think I have it here.

By Mr. Montgomery, K.C.:

Q. Passing over the debentures for the moment, your next item is preferred shares, that my friend has spoken of?—A. Yes.

Q. £52,000 per annum at eight per cent, you provide?—A. Yes.

Q. When you were making up the estimates as to the proper charges to set against the ship for the purpose of comparison with what the lines were doing, you included no such figures?—A. Not in that estimate, no.

Q. Let us go on to the next item: depreciation. You did include depreciation?—A. Yes, but I did not include management. You see that is a pure estimate, Mr. Montgomery; nothing whatever to do with the contract; long before the contract was entered into.

Q. For what purpose was it given? Estimates are usually given for some purpose.—A. It was simply to prove what the ship could do under ordinary circumstances; in ordinary trade; not St. Lawrence trade, necessarily.

Q. Then you have seen the purpose for which it was used? You must have been indignant when you saw how it was applied?—A. I beg pardon.

Q. You know the purpose for which it was used?—A. Well, I suppose, judging from the Hansard, yes, I know what it was used for.

Q. Do you know what the suggestion was; that that is what a boat should do contrasted with what the lines were claiming their boats did?—A. Yes, and so it could.

Q. Then you still stand upon it? The estimate given in Hansard is correct then?—A. At that time, yes. Basing it on that estimate, yes, quite.

Q. You say "at that time." Have the times changed since then?—A What is the difference really.

The CHAIRMAN: Just try to answer the question, Sir William.

The WITNESS: I did not follow it.

By the Chairman:

Q. Have the times changed? You say the estimate was correct at the time the estimate was made. Mr. Montgomery asks if the times have changed since then?—A. Matters have changed pretty considerably. As I have explained, the ship in regard to which the estimate was given in November, 1924, is not the actual ship I have to-day contemplated for the contract. That is a far superior ship; much more expensive.

By Mr. Montgomery, K.C.:

Q. In November, 1924, the ship as then contemplated by you, was to carry fixed charges of £80,000, which have grown to the figure we have mentioned of £275,000 per annum.—A. Well, whatever it is.

Mr. SHAW: Is not this the situation, Mr. Montgomery? That the statement given at that time is fairly accurate as compared with the statement now produced but it is not as complete?

Mr. SYMINGTON, K.C.: It does not include any investment at all.

Mr. SHAW: It does not include interest on preferred shares; it does not include upkeep, repairs and contingencies.

Mr. MONTGOMERY, K.C.: It is either one thing or the other; either this is grossly misleading for the purpose it was forward, or the other is as grossly misleading the other way.

Mr. SHAW: This statement was not used by Sir William but was used in the House of Commons.

Hon. Mr. STEVENS: By the Minister, was it not?

Mr. MONTGOMERY, K.C.: It was introduced by Sir William Petersen for some purpose.

Hon. Mr. STEVENS: It was used by the Minister in introducing this measure.

Mr. SHAW: It is not Sir William's in the sense that this is.

By Mr. Montgomery, K.C.:

Q. Then let us go on to the next item, which is depreciation £60,000 per annum. Will you compare that with your statement, redemption and depreciation 25 years. It includes both redemption and depreciation.

The CHAIRMAN: £22,000.

By Mr. Montgomery, K.C.:

Q. £2,263 for the boat which would be £22,600 for ten boats?—A. Yes. That was of course reckoned on 25 years' redemption, don't yon know, instead of 20.

Q. Whether 25 or 20 you considered at the time that that was the proper charge to make?—A. Yes, according to this estimate; yes, certainly.

Q. But that same charge has grown, if I mistake not, to £60,000 per year for depreciation alone, apart from redemption, for which other figures are given?—A. Yes, evidently.

Q. And all goes to make up the £275,000 per annum which the Canadian people are called upon to pay—A. No, I may tell you there is a very important item there in connection with upkeep.

Q. I am coming to that.—A. I wish you would come to that now.

The CHAIRMAN: Mr. Montgomery is the questioner, you know, and you will get to it quicker if you will just answer his questions.

The WITNESS: What is the question then?

By Mr. Montgomery, K.C.:

Q. To satisfy Sir William I will take the next item. Unless you have any further explanation to make in reference to the depreciation and redemption items. If you have, I will be glad if you will give it? If not I will take the next item of upkeep and redemption.—A. Yes, come along. I have nothing further to offer.

Q. You have nothing further to offer on the redemption and depreciation item?—A. No.

Q. All right. Now you suggest that I draw your attention to the £40,000 per annum for upkeep repairs and contingencies. I have no doubt you wish to give some explanation in regard to that. It is the last of the items that go to make up the £275,000.—A. I did not invite you, Mr. Montgomery but I will be delighted to tell you. First it is £44,000.

Q. I said forty-four, didn't I?—A. Did you? Quite right. Upkeep repairs and contingencies. Now you know in new steamers you find very few repairs for the first few years, until you get past your first survey and so on. But you do, in a business of this kind, find a great many contingencies; and one contingency is very evident to any shipping man, and that is this: that if I am compelled to run a line of steamers up against any combine or conference and to give the Government absolute control of rates and the destination of the ships, to order the ships anywhere they like; to keep the ships in any ports they like, as long as they like; that is a contingency which is a very serious one, and which would absorb a great many £44,000 should it come to pass that they were to cut the rates to a figure which would cut into my running expenses. That is the contingency, more so than the upkeep and repairs referred to in that item.

Q. Can you help us at all with a little subdivision? It is figured out at £44,000 per annum. And that must have required some calculation. Why wasn't it thirty-four or fifty-four?—A. I could just as soon have made it fifty-four. It made no difference. I will tell you why. I have made it out very carefully as far as the upkeep and repairs are concerned, but it is impossible to say what the Government might do in connection with the running of the ships.

Q. But, don't you see, Sir William, we cannot be so careless about it. It is a subsidy of £275,000 per annum which we have to provide in cold cash, of which £44,000 is for upkeep, repairs and contingencies. Now surely you are going to throw a little light on that, why that should be £44,000 per annum.

The CHAIRMAN: The contingencies I take it would have to be a pure estimate, but you might ask him how he estimated his repairs.

Mr. MONTGOMERY, K.C.: The whole thing, he can divide it anyway he likes. It is not forty-five, it is forty-four, which shows some calculation.

By the Chairman:

Q. You might tell us how you arrived at this estimate.—A. I calculated that for ten years, Mr. Chairman, and I remember I went into careful calculation about what the first survey would cost. The first four years of a ship's life is not a serious thing as far as repairs are concerned, but then Number 1 survey comes after the first four years, and after that, the repairs of the ship increase every year, and in the course of ten years you get a fairly large average, but it would not as I say amount to an average of £4,400; I think it is £44,000.

By Mr. Montgomery, K.C.:

Q. £44,000.—A. But I add contingencies, and that is the point: supposing the Government said to me, we want you to fight the Conference, or break the Conference, or they have some attempt of that kind in their minds, and they say "You must carry this at a shilling a ton, your cargo all round." Well,

don't you see, Mr. Chairman, what would happen then? I could not run my ships without cutting into my running expenses, which as you see here work out at a rate of £62 a day. I reckoned £65 a day. This is the contingency I have included in that item and I think a very reasonable one. You never know what political events might bring about.

Q. Did you furnish any details of why that £44,000 were required?—A. Yes, I did. I have not got them here but I will furnish them to you as well as I can convey to your mind in connection with the shipping problem over ten years. It is not so easy you know.

Q. But you were engaged in a trade which lasted from the end of June until the 11th December. Now that must have required very careful consideration. Did you furnish any particulars of that £44,000, why such an item of that sort should be required?—A. Of course I did. I have a life-long experience in shipping; I have a fairly good idea of how things pan out in running lines. I ran a line to the United States for five years, for a passenger and fruit company. The first four years they made forty per cent profit. The fifth year engines and hull and everything began to tumble to pieces and large sums of money had to be expended, to re-set the engines on the bed-plates and all that sort of thing. I am talking from experience. That is my actual experience in shipping and anything might happen during the course of ten years and a sane man must always allow for these sort of things.

Q. I do not want to press this unduly. If you can furnish us with any details, or furnish us with a copy of the details you furnished to the other contracting parties at the time, I would be glad to give you the opportunity to do so. If you cannot, I am going to allow the matter to drop, and take it that the £44,000 was given blind.

The CHAIRMAN: Was given blind?

Mr. MONTGOMERY, K.C.: I will change that. That the £44,000 was a pure estimate if you like.—A. Yes, pure. I will make you a present of half of it in calculations and anything like that. It is impossible to calculate this.

By the Chairman:

Q. What would you have calculated that contingency and repair account to have been if there had been no question of a contract, or of other people fixing the rates—A. £2,500 a year, on an average, Mr. Chairman.

Q. £2,500 a year per ship—A. Yes, per ship, over the ten years, I mean, taking everything into account, dry docking and so on.

Q. That would be, therefore, about half of that would be made from your own experience and half of it would take care of contingencies arising under a somewhat unusual contract?—A. Yes.

Mr. SYMINGTON, K.C.: I would point out, Mr. Chairman, that that is about half what they allow for repairs in Exhibit 35.

Mr. MONTGOMERY, K.C.: I am just going to draw attention to that. I have that noted.

By Mr. Montgomery, K.C.:

Q. Have you cleared up the question of repairs, how much you are allowing for repairs in that—A. I said so; I told the Chairman.

The CHAIRMAN: He said about half of it. He said of this £44,000 about half of it would represent repairs which we can reasonably estimate from experience, and the other half of the £44,000 was to take care of the contingencies under this somewhat unusual contract.

Mr. DONALD: I think he said over ten years.

The CHAIRMAN: Yes, and that this estimate was figured over the whole period of ten years.

By Mr. Montgomery, K.C.:

Q. And I asume it is quite correct, Sir William in your voyage summaries and estimates, to make provision for this survey which has to take place every four years?—A. Yes.

Q. It is not merely for running repairs, but it is a sinking fund, as it were, that you have to establish for the survey?—A. And drydocking and painting every six months, and the ship laid off, perhaps for a few voyages during repairs, and many other things which happen in shipping.

Q. Now, what you are taking is half of that, then, Sir William; that is £22,000 per annum?—A. £25,000 per annum.

Q. £25,000 per annum is what you allow?—A. I allow that per ship over ten years.

By Sir Eugene Fiset:

Q. Over ten years?—A. As an average.

Mr. RINFRET: Do I understand, Mr. Chairman, the difference is made up to cover contingencies which may arise on account of this unusual contract?

The CHAIRMAN: That is what I understand from Sir William.

Mr. RINFRET: What if no such contingencies arise?

The CHAIRMAN: If no such contingencies arise, about half of that provision should be sufficient.

The WITNESS: I will give it back to the government if such contingencies do not arise, but I have to allow for them, you see.

By Mr. Rinfret:

Q. Or in other words, the government, through this contract, was quite willing to pay for that contingency whether it does arise or not, but if it does not arise you are willing to pay it back?—A. Yes, certainly.

By Sir Henry Drayton:

Q. That will be another amendment to the contract?—A. That is very simply done, Sir Henry.

Mr. RINFRET: That may mean some money for the country.

By Sir Henry Drayton:

Q. Just going on with that, did Mr. Low have this statement?—A. No, I do not think so.

Q. It looks to me as if this was a comparatively new statement?—A. My lawyer, Mr. Donald,—we had lost that from the days of the contract, and I had lost the notes, and I got my lawyer, Mr. Donald, to make it up, I think a week ago.

Q. This statement was made up only a week ago?—A. It was a copy from the old statement we made up at the time we negotiated with the government.

Q. Have you got the old statement of which this is a copy?

Mr. DONALD: I think perhaps I can furnish this information if you like, Sir Henry. I made that statement up from a lot of notes Sir William had in connection with the drawing up of the subsidy.

The CHAIRMAN: Mr. Donald, will you give the rest of us the benefit of that statement?

Mr. DONALD: I made that statement up at the request of Sir William from various notes which we had when we made up the figures for the subsidy when the contract was signed, and the notes were on various pieces of paper of many kinds.

The WITNESS: I left my notes in England.

Mr. DONALD: I will be very pleased to furnish you with anything I have.

By Sir Henry Drayton:

Q. This statement was made up last week?—A. Yes.

Q. You must have had the notes before you in making it up?—A. Mr. Donald got it from Toronto, he had it there. I left mine in England.

Q. Mr. Donald has the notes to produce, has he?

Mr. DONALD: I told you I would be very pleased to produce any notes I have.

Sir HENRY DRAYTON: Then I think we had better have the original notes.

The CHAIRMAN: Then, Mr. Donald, you will bring them along to-morrow.

The WITNESS: They are all pencil notes, mostly.

The CHAIRMAN: Our municipal code says notes may be made in either pencil or ink. What is the next point, Mr. Montgomery?

By Mr. Montgomery, K.C.:

Q. Now, Sir William, this estimate you have now given us for repairs, as I say, I understand it to be about £2,500 per annum. I would like to compare that with your evidence given on page 995 of the proceedings of this committee on Thursday. You will recall having put before you a figure of $1,900 included by the companies in their voyage accounts?—A. Included by—?

Q. The companies in their voyage accounts?—A. Included by the companies?

Q. As an average figure over all the fleets, long voyages and short voyages?—A. I do not remember that statement, Mr. Montgomery. What is it?

Q. Do you recall your attention being invited by my learned friend to Exhibit 35, and your being asked to criticize the Gordon Scott accounts?—A. Yes. I had never seen that statement, Mr. Montgomery before, mind you, and I was asked to criticize it right on the spur of the moment, last week, last Thursday.

Q. Then you are not prepared to adhere to the criticisms which you then expressed?—A. I beg pardon.

Q. Are you or are you not prepared to-night to adhere to the criticisms you then expressed?—A. I shall, because I remember what I did express, because a few items, to my mind, were so absurdly in excess of my ideas that I would rather not emphasize them.

Q. Do you recall the figure of $1,900 given for repairs for 1924, spread over all the voyages of all the ships, long and short, compared with the figure which you now say should be provided?—A. No, I do not remember that figure.

Q. Because you ridiculed that figure of $1,900, when you were shown it in Exhibit 35.—A. $1,900; let us see, how much is that?

The CHAIRMAN: Divide it by five, and you will get it roughly.

The WITNESS: It is about £400, is it not, in round figures? What is wrong with that? I did not quite get the question.

The CHAIRMAN: Mr. Montgomery, read to him what he said, and ask him if he adheres to it. At least, I suggest that.

The WITNESS: May I have Exhibit 35? I may have committed a sin.

The CHAIRMAN: Do not confess until you are sure you have.

The WITNESS: Mr. Montgomery, what is the figure you referred to?

By Mr. Montgomery, K.C.:

Q. I am referring to the 1924 figure of $1,900 per voyage, under the item of repairs.—A. $1,900, yes. That is per voyage, is it not?

Q. Per voyage, Sir William.—A. Yes, £400 per voyage. That would mean about eight voyages, I take it, would it not?

Q. I think the average taken was somewhat less than that.—A. Let us take about eight trips; that would be £3,200. What is the matter with my figures? These are £3,200 for the same number of trips.

Q. And do you suggest that £3,200 against your £2,500?—A. Yes, I suggest £2,500 over ten years, on an average.

Q. And you will bear in mind that these boats were going to all parts, on voyages outside of Canada. You just laid considerable stress on the provision for survey. Have you before you the evidence you gave, in answer first to Hon. Mr. Stevens, and then to Mr. Duff, on pages 995 and 996, that the repairs are almost nothing, that the provision for survey is practically nothing? —A. No. I do not think I said that, did I?

Mr. SYMINGTON, K.C.: No. "The first survey was very little—".

The WITNESS: I think that was—.

The CHAIRMAN: You said any repairs required by this survey—you were referring to survey number one—

> "Any repairs required at that survey, as a rule, are light. That survey is generally a very light one, and costs very little, because the ship is practically a new one, being only four years old. It is really when you come to a number two survey—a ship getting on for eight years of age, or twelve years of age, where the very heavy repairs came in, and lots of those repairs are put under the category of 'Survey Repairs.' Now, if you take a period of say seven years,—you can only deal with that kind of a ship when it is six or seven years old."

That was his evidence.

By Mr. Montgomery, K.C.:

Q. Now, Sir William, on the item of contingencies—.—A. Is that right, what I said, and what I reiterate to-night? I do not want any controversy about it, but you said I was stating something different to-night to what I did on Thursday.

Q. That was my suggestion, Sir William?—A. But you are wrong, aren't you now?

Q. That is my suggestion?—A. But surely you are wrong, are you not? You might as well admit it.

Q. Decidely not. According to your own figures you say that we show £3,200 against your £2,500.—A. Yes, quite. But what I did say was—.

Q. Will you compare that with the very extreme nature of your own evidence on page 995, which perhaps you have not before you, where you charge nothing at all for repairs and say it is not necessary?—A. No, I do not say that. Mr. Chairman just read out what I did say, and I said exactly the same then as I say now.

Q. Just a word on your item of contingencies, which I take it is a contingency of rates being fixed very low. Did you ever get at any rate basis?—A. Did I ever get—.

Q. At any rate basis?—A. Never; that was never mentioned.

Q. Because we saw you were discussing it with Mr. Preston, according to his letter, before you came out here.—A. Of course, it was a most serious matter, and that is why I would not have anything to do with rates. I wanted in the first place to get the government to take the chance, the risk of that. I think I explained the other day that my first scheme was to get the government to take £500,000 of ordinary shares, controlling the whole affair.

Q. You have heard the evidence in reference to grain rates?—A. Yes.

Q. How fluctuating they are?—A. Yes.

Q. How impossible to control?—A. I do not know anything about grain control. I do not pretend to know anything about that.

Q. You have heard the evidence that grain rates to-day in the average are practically no higher than they were before the war, taking into consideration the increased expenses?—A. It does not interest me one bit, and I do not think I was here when that was discussed.

Q. Then you would not figure on any very serious cut being made in grain rates?—A. No.

Q. You have heard, have you not, that grain makes up about 60 per cent of the cargo of the average boat?—A. So I am told.

Q. So that we have only 40 per cent of general cargo, or general cargo receipts to exercise any cutting power over at all?—A. I do not quite agree with that.

Q. Make it 50 per cent if you like.—A. I do not agree with that.

Q. What?—A. I do not agree with it.

Q. With what?—A. I do not quite understand.

The CHAIRMAN: I think he does not agree with your percentage.

By Mr. Montgomery, K.C.:

Q. Make it 50 per cent if you like.—A. I will not hazard that, but I will not agree on that.

Q. Give us a figure you will agree with.—A. I do not think I will deal with that just now. Does it matter?

Q. It does, for this purpose, that we have to find out what was anticipated in the way of rate cutting or even the possibilities of rate cutting, that you had to provide against in your contingencies.—A. Yes. That is your idea?

Q. That is it, Sir William.—A. I think that is very evident without going into arithmetic about it. I certainly do not agree with the 60 and 40 per cent.

Q. Take it 50-50, then?—A. I would rather say 60 and 40.

Q. Have it your own way and call it 60 and 40. So you only look forward to rates being cut on 60 per cent of the cargo at the outside?—A. Yes.

Q. So, even if the existing rates were cut into one-third of what they are, you would still break even, would you not?—A. Yes.

Q. Do you expect this Government or any other government would cut the existing rates down below one-third of what they are?—A. I would not expect this Government to do it; it would be insane, because it would kill its own policy, but what an incoming government might do——

Q. It would be quite evident that any such rate fixing would drive every boat not subsidized off the St. Lawrence?—A. Yes.

Q. Can you contemplate the possibility of any government taking any such action as that?

The CHAIRMAN: Not even a coalition government.

Mr. MONTGOMERY, K.C.: Not even a coalition government.

The WITNESS: I would not like to give an opinion on that.

By Mr. Montgomery, K.C.:

Q. Do you think that is a risk to be guarded against?—A. I dare not express any opinion on that point.

Q. But from your own statement, you were requiring the payment of £22,000 per annum against that contingency?—A. Yes, and a very, very, very narrow limit with the risk I am running on that contingency.

Q. On that question of your contract making a provision for operating expenses, can you help us at all with the discussion which called for that London letter, regarding which Mr. Preston gave evidence?—A. To what letter do you refer, Mr. Montgomery?

Q. It is a cable—I beg your pardon—not a letter. It was produced with the bundle of correspondence by Mr. Preston. It is dated March 1, and says:

"Please consider carefully my recommendation in London letter to make provision for operating expenses and the bill ratifying contract," and he explained to us that that referred to the necessity of some provision whereby rates should never be put below an amount equalling operating expenses?—A. Yes.

Q. So you had that in contemplation quite apart from the £275,000 subsidy?

Mr. SYMINGTON, K.C.: What is the date of the telegram?

Mr. MONTGOMERY, K.C.: March 1st.

Mr. SYMINGTON, K.C.: That is long before a subsidy was ever talked about.

Mr. MONTGOMERY, K.C.: That is 1925; he had his subsidy then.

By Mr. Montgomery, K.C.:

Q. Do you recall that, Sir William?—A. Yes, I do.

Q. So if you had your contingency provided against, it was a question then of a Bill providing that no rate should be fixed below an amount equalling the full operating cost?—A. Yes.

Q. By the way, can you help us at all with information about the cable address "Senate"?—A. Yes. "Senate" was my old cable address 35 years ago, or 30-odd years ago. I had a partner with me at one time by the name of Tate, and in making up our cable address we used the last three letters in each of our names. Mine was "S-E-N" and his "A-T-E."

Q. That worked very well. You must have had some sort of appreciation—A. —although we do not use that cable now, it has been registered in Kelly's, and other directories, and, I think, has been carried in many cases up to date. I can further explain, in case there is any question of the correspondence, that Mr. Low, to my surprise, addressed me as "Senate". Where he got that cable address, I do not know.

Hon. Mr. STEVENS: From the book here (indicating).

The WITNESS: It is evidently an old book, yes.

By the Chairman:

Q. I suppose you felt, although you just had your 69th birthday, there is no need to address you as "Senate" yet?—A. No and the funny part about it is that I do not feel like 69. I am glad you mentioned that.

Mr. MONTGOMERY, K.C.: It is only that Mr. Preston suggested that it was the address of the High Commissioner's office, when in reality it is your address, Sir William?

The WITNESS: Addressed care of "Senate". I never saw it. I never knew anything about it. All cables addressed to Mr. Preston were handed over to the High Commissioner's office, and "Senate" was used.

By Mr. Montgomery, K.C.:

Q. All I care about is that "Senate" was at least one of your cable addresses?—A. Yes.

Mr. MONTGOMERY, K.C.: That is all I care about. We have more important things to turn to.

Mr. FLINTOFT: I think it is not suggested that this was the last code in the Trade and Commerce office?

By Mr. Montgomery, K.C.:

Q. I suppose you have no copy of that London letter making provision that rates should never be put below operating expenses?—A. I have no copies of any letters.

Q. Now, it may be of assistance to the Committee to know what we really should figure on as expenses of operating your boats. You gave us £3,543 for the *Rio Dorado*, I think?—A. Yes, that is right.

Q. Which is a bulk cargo boat, and the amount would have to be increased somewhat to provide for general cargo?—A. Yes.

Q. And you gave us £5,180 for general cargo?—A. Yes, I think so—

Mr. SYMINGTON, K.C.: £5,800 it was.

The WITNESS: £5,800.

Mr. MONTGOMERY, K.C.: I am speaking from memory; I have no note of it.

By Mr. Montgomery, K.C.:

Q. Now, in regard to the voyages, in Hansard you told us that the expenses, even with the low figure which you already commented upon, were only £8,000, put in for standing charges,——

Mr. SYMINGTON, K.C.: There were no fixed charges in the £5,800; that was straight operating expenses.

Mr. MONTGOMERY, K.C.: If you take this out (indicating), it brings it down away below that.

The CHAIRMAN: Mr. Montgomery, I have been consulting some members of the Committee, and I suggest that perhaps we might compare these two statements.

Mr. MONTGOMERY, K.C.: All right; I will leave it at that.

Mr. SHAW: Which statements?

The CHAIRMAN: The statement he referred to the other day, and which I will now put in as an exhibit. It is the statement referred to in the evidence of Sir William Petersen under date of May 29, 1925, and will be numbered Exhibit No. 93.

EXHIBIT 93: Particulars of subsidy.

PARTICULARS OF SUBSIDY

Cost of Ships	£1,500,000
Expenses of Organization and Working Capital	300,000
Capital of the Company	1,800,000

Financing	Yearly Charge
1st Debentures £750,000 at 6 per cent.	£ 45,000
Redemption at 4 per cent	30,000
2nd Debentures £400,000 at 7 per cent.	28,000
Redemption at 4 per cent.	16,000
Preferred Shares £650,000 at 8 per cent.	52,000
Depreciation at 4 per cent on £1,500,000.	60,000
Cost of Ships, upkeep, repairs and contingencies.	44,000*
	£275,000

*£4,400 per ship per annum.

Mr. MONTGOMERY, K.C.: It would be convenient, if it could be printed; it is so hard, picking it out from the evidence, otherwise.

The CHAIRMAN: I will have it printed.

Mr. SYMINGTON, K.C.: You will notice what the statement is.

By Mr. Montgomery, K.C.:

Q. Following that is a letter in Hansard, from Sir Henry Thornton; a letter to Mr. Low, from Sir Henry Thornton. Did he really understand what you were proposing to do, at the time he wrote that letter?

The CHAIRMAN: What is the question?

Mr. MONTGOMERY, K.C.: I am asking whether Sir Henry Thornton really understood about your boats, what you were going to do and so on?

By Mr. Symington, K.C.:

Q. Did you ever see the letter?—A. I never saw this letter.

Mr. MONTGOMERY, K.C.: I am not asking about the letter particularly.

The WITNESS: Sir Henry would know all about the boat; he sent experts up to Ottawa to get details from me; we compared notes.

By Mr. Montgomery, K.C.:

Q. I only wanted to know whether you went over the matter with Sir Henry Thornton?—A. No, not at all, except that Sir Henry—I did mention to him about the matter, and he would rather not discuss the matter. He sent his experts; he sent somebody from Montreal, in connection with the Merchant Marine.

Q. I have just a few more questions to ask you: On page 974 and 975 of your evidence, Sir William, you gave us rather a dressing down, for the luxury of our ships?—A. The luxury of your ships?

Q. Yes.—A. What ships do you refer to?

The CHAIRMAN: The Conference ships, that they have kindergartens and palm gardens and so on?

The WITNESS: Quite. I remember that.

The CHAIRMAN: Sir William remembers that now.

By Mr. Montgomery, K.C.:

Q. Now, you are contrasting those with the ships you yourself proposed, and were putting in?—A. I am comparing those to the ships I am going to adopt to work against them, is that your idea?

Q. The boat you mentioned—I do not refer to particular Conference boats—you mentioned particularly the Aurania, which was just launched in the service? —A. Yes, I remember it.

Q. Your suggestion was that they were charging the freight rates to pay for the operation of such boats, as the Aurania?—A. I do not know whether I used the same language, but you might infer that by my reply. What I did say was, that, if they did not get sufficient rates westbound, they could not carry anything eastbound, because the Aurania can only carry about 6,000 tons, although she is 14,000 tons register; it would be to their own interest to keep up the rates as high as possible, to make up for any deficit.

Q. You concluded your animadversions with these words "And so it is with these extravagant ships at enormous first cost, somebody has to pay the bill for the extravagance, and for these frills. Who has to pay? Why, of course, the Canadian shipper. There is no question about that. There is no sane man would deny that. And therefore, my ships, of course, I have designed and put up particularly for this contract." That is correct?—A. Yes, quite correct.

Q. Let us first see where we are drifting to: Is it your suggestion that the rates should be lowered to a point where it would be impossible for a boat like the *Aurania* to ply on the St. Lawrence? Is it your suggestion that it should be Canada's policy to make it impossible for a boat, such as the *Aurania*, to visit our ports, Quebec and Montreal?—A. No, certainly not, but not to charge the extravagant rates she is charging.

Q. If someone has to pay the cost of the luxuries, who is to pay it? The shipowner or the shipper?

The CHAIRMAN: The passenger who uses it, I think should pay.

By Mr. Montgomery, K.C.:

Q. He is talking about freight rates.—A. I believe when I go across the Atlantic, I shall go on the *Aurania.*

Q. Is it your suggestion that the shippers of freight have been called upon to provide for the cost of such boats as the *Aurania*?—A. Yes.

Q. That is your suggestion?—A. It is the natural inference.

Q. That is, mixed passenger and cargo boats have to get cargo?—A. Yes, certainly.

Q. Is it your suggestion, in the first instance, that cargo rates should be put at a point, where it would not be possible for them to operate?—A. Are you speaking of intermediary ships, ships of the *Aurania* type?

Q. I am speaking of the ships you are speaking about, the liner ships, the same as cargo and passenger liners.—A. Yes, I think that is a sensible boat.

Q. So we can say "good night" to our mixed passenger and cargo liners, such as we have them?—A. No, I would not say that.

Q. Where did you get your idea from?—A. I do not think you or any of your clients will deny that some of these boats have become a drug on the market, since emigrant restrictions have come into force in the United States.

Q. Well now,—A. Allow me to finish my sentence: I think your clients will agree that these ships that you mention, have become a drug on the market; they had to throw them into the St. Lawrence trade to cut their losses.

Q. Are you suggesting that, as regards the *Aurania,* these luxuries which were put in, long after those boats—are you suggesting it as regards the *Athenia,* which came on this year? Are you suggesting it regarding the *Letitia,* that because they are a drug on the market they are put in the St. Lawrence trade?—A. No, I would say that the *Carmania,* another sister ship of the Cunard Company—boats of that type, would not have gone into the St. Lawrence trade unless that restriction Act had been passed in the United States, and I think the same applied to the *Aurania.* The *Aurania,* I think, was built for the United States trade.

Q. What about the *Letitia,* which came on this year?—A. I think the same applies.

Q. Your suggestion is that the *Letitia* was built for the American trade or the New York trade?—A. Or what?

Q. Is it your suggestion that the *Letitia* was not built for the St. Lawrence trade?—A. It is. None of these were built for the St. Lawrence trade. They were built for the United States trade.

Q. The *Letitia,* I will tell you, is an Anchor-Donaldson boat?—A. I never heard the name *Letitia;* she must be a brand new ship.

Q. She is?—A. I don't know what she is; I don't know any particulars of the ship. I am speaking only of the ships I know.

Q. I do not want to waste any time on this, but I would like to draw your attention to the fact that Exhibit No. 35, put forward by the shipping companies, related only to cargo boats?—A. What is that?

Q. It related only to cargo boats?—A. Only to cargo boats, yes.

Q. And that it was the suggestion of the shipping companies that the inclusion of these expensive passenger and cargo boats was misleading; do you remember that?—A. I do not quite follow you, Mr. Montgomery.

The CHAIRMAN: I do not really understand the question either, Mr. Montgomery, so Sir William and I are in the same ship.

By Mr. Montgomery, K.C.:

Q. Have you followed the evidence sufficiently to know that the evidence put up on behalf of the shipping companies included only cargo boats?—A. So it says.

Q. And does not include any of the so-called luxury boats you are criticizing?—A. I daresay.

Q. And their suggestion was that the rates were not sufficient, and that they should be fixed upon a basis which would allow those cargo boats to live?—A. I do not follow that.

Q. They say that the rates should be fixed upon a basis which would pay the operating expenses or the proper charges on the cargo boats?—A. On these cargo boats?

Q. Yes, on these cargo boats.—A. I do not believe it, that is all.

Q. I am not asking you what you believe or disbelieve.—A. Why are you asking me then? You are asking me my opinion.

Q. I am not asking you your opinion; I am asking you whether you recall that the rates and their sufficiency were put in issue as far as the shipping companies were concerned, and that they were on cargo boats only.—A. I remember that.

The CHAIRMAN: Whether he remembers it or not, what difference does it make, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: Except that the suggestion is misleading, and that it is our objection that these boats should not be brought in at all.

Mr. SYMINGTON, K.C.: All the high-class cargo was brought in the other boats. These only represented about 30 per cent of the traffic, and it is not a proper computation.

By Mr. Montgomery, K.C.:

Q. You told us, Sir William, that you were operating lines at one time in competition with the Conference, that is, the Rotterdam-New York line I think; was it the Rotterdam-New York line?—A. Yes.

Q. Which you were operating in competition with the Conference lines?—A. In competition with the Conference lines.

Q. You cut the rates down to three pounds ten shillings, although they were spoken of as having been raised subsequently?—A. Yes.

Q. And you got so much business that you did not know what to do with it, and so on?—A. No. I never used that expression, Mr. Montgomery.

The CHAIRMAN: I think, Mr. Montgomery, he said he had a large amount of business.

Mr. MONTGOMERY, K.C.: No, Mr. Chairman, he had private hotels for them.

By the Chairman:

Q. Apparently you did know what to do with them, because you put them in hotels?—A. That was because I could not get the boats to carry them.

Mr. Montgomery, K.C.:

Q. I just wanted to see if that was a mistake, or if you did operate in competition with the Conference lines?—A. That is not correct, because I did for three years.

Q. To come back, is it your knowledge that one of the Conference lines did put on one of those intermediate boats?—A. Yes.

Q. The *Vedic;* did you ever hear of her?—A. No.

Q. My instructions are that one of the lines—I think the White Star—arranged for two boats, the *Vedic* and the *Rimouski,* what you call intermediate boats?—A. Yes.

Q. They tried the *Vedic,* and had to take her off because she could not pay?—A. I don't know that; I have never heard of it.

Mr. MONTGOMERY, K.C.: I have a number of questions to ask as to Sir William's criticism of our operating expenses as compared with the Rio Dorado. but I am afraid if I start to ask them at all I will overrun the limit.

The CHAIRMAN: Unless you feel that it is absolutely necessary in the interests of your clients, I would be glad if you would not do so.

Mr. MONTGOMERY, K.C.: So long as the Committee understands that you are not allowing us to ask these questions but that we are quite prepared to challenge the comparisons systematically made that our ships are at all comparable, or that the figures are correct, I am not anxious to burden the Committee with the details, so long as it is understood that we are not for one moment accepting them.

The CHAIRMAN: Even giving full credit to everything that is in Sir William Petersen's statement concerning the operation of the Rio Dorado. That is one voyage of one ship.

Mr. MONTGOMERY, K.C.: And a bulk cargo, which is already raised up 2000 pounds odd per voyage for the purposes of a general cargo.

The CHAIRMAN: I think you may depend upon it that the Committee will make a careful investigation. We have all these facts now, I think.

Mr. MONTGOMERY, K.C.: All right, Mr. Chairman, I will leave that.

By Mr. Montgomery, K.C.:

Q. By the way, Sir William, you told us in your evidence about the Rio that she was due to arrive in Hamburg on Saturday?—A. No, on Monday at 5 o'clock I said.

Q. Saturday at 5 p.m., I think.

The CHAIRMAN: He was careful to say D.V. also.

By Mr. Montgomery, K.C.:

Q. D. V. has evidently intervened?—A. I don't think so.

The CHAIRMAN: He was careful to say that at the time, Mr. Montgomery.

The WITNESS: I am not particular, except that I would like to have it on the record, because the Press misunderstands these statements.

By the Chairman:

Q. Have you a statement to make in connection with your prophecy as to when the boat would arrive?—A. Mr. Montgomery said Saturday at 5 p.m., and I say Monday 5 p.m. It is evident to any shipping man present here that the ship left Wednesday morning, and it is 4,000 miles distant, that it is not an air craft, but as a matter of fact about 12 miles an hour, and I calculate, taking the longitude into consideration, that she would arrive this afternoon at 5 o'clock in Hamburg.

Hon. Mr. STEVENS: I am afraid you said Saturday, Sir William.

Mr. SYMINGTON, K.C.: Yes, Sir William said Saturday.

The WITNESS: I am very sorry, because it was absurd to say that.

By Mr. Montgomery, K.C.:

Q. You figured in your steaming days upon that?—A. No, Mr. Montgomery. It is evidently stupid, and a mistake, because the distance is over 4000 miles to Hamburg, and she could not do it in less than twelve and a half days I reckon.

Q. You have not heard of her arrival yet?—A. I have been in this room now—

The CHAIRMAN: If he said Saturday he made a mistake, and meant Monday.

The WITNESS: That is right, but I will telephone your room later on, Mr. Montgomery.

The CHAIRMAN: The next point, Mr. Montgomery.

By Mr. Montgomery, K.C.:

Q. Have you before you your present contract, Sir William?—A. Yes, I have it here.

Q. I suppose you followed the drafting of this contract with more or less care?—A. Yes, very carefully.

Q. Can you tell us where it was taken from, what contract was used as a basis for its preparation?—A. No. I would leave that with my lawyers.

Q. You say you left it to your lawyers?—A. You must ask my lawyers about that, Mr. Montgomery.

Q. Do you mean our good friend Mr. Donald?—A. No, Mr. Donald and Mr. Lafleur.

Q. I just wanted to test that out, Sir William. You are no doubt or should be familiar with the old Petersen-Tate contract?—A. Yes.

Q. In case you should wish to refer to it, I place this book before you.—A. Do you want me to read it?

Q. No, unless I wish to refer to it myself, when I wish to give you the opportunity to follow it. I have a copy of that if anyone wants it.

Mr. SYMINGTON, K.C.: Yes. I would like one.

By Mr. Montgomery, K.C.:

Q. My suggestion is, Sir William, that whoever drafted that contract had before him your Petersen-Tate contract of 1897.—A. That is quite probable. I do not know. Of course the 1897 contract you would find in *Hansard*, would you not?

The CHAIRMAN: Yes, it is here. That is what Mr. Montgomery has placed before you, in case you want to refer to it.

The WITNESS: Well, I never read *Hansard* except in a Committee like this.

Hon. Mr. STEVENS: Except under compulsion.

By Mr. Montgomery, K.C.:

Q. You are familiar with your own contract. Take your own contract, the present one, beginning with paragraph 1.

The CHAIRMAN: Mr. Montgomery, may I ask just what the object of this question is? The comparison of the Petersen-Tate contract with the present one. Carpe diem would apply perhaps.

Mr. SYMINGTON, K.C.: Mr. Donald tells me he took clause 1 from the Petersen-Tate contract.

Mr. MONTGOMERY, K.C.: He had better look at one or two more then.

The CHAIRMAN: What is the difference?

Sir HENRY DRAYTON: I have gone over both of them. I think probably Mr. Donald had the Petersen-Tate contract before him.

The CHAIRMAN: Supposing he had; is there any point in it? If there is any point, I am not going to cut short the examination.

Mr. DONALD; I am quite prepared to state, Mr. Chairman, that I had that contract in front of me when I drafted this.

Mr. MONTGOMERY, K.C.: I compliment my friend Mr. Donald on his drafting, but my suggestion is that he used the Petersen-Tate contract in so far as the clauses were favourable to Sir William, and he cut them short wherever they would have favoured the Government and they disappear.

The WITNESS: Hear, hear.

Mr. SYMINGTON, K.C.: Better tackle Mr. Lafleur about that.

Mr. MONTGOMERY, K.C.: No, Mr. Lafleur had nothing to do with that.

Sir EUGENE FISET: He is a very clever fellow.

Mr. MONTGOMERY, K.C.: We will all admit that; but Mr. Lafleur never saw the Petersen-Tate contract, which had been amputated.

Mr. SHAW: Mr. Lafleur was acting for the Government.

Mr. MONTGOMERY, K.C.: The document submitted to Mr. Lafleur was the draft contract; just the draft contract, for which Mr. Donald used as a foundation the Petersen-Tate contract.

The CHAIRMAN: Mr. Donald has so stated, that he used it.

Mr. SYMINGTON, K.C.: It is not actionable is it?

Mr. MONTGOMERY, K.C.: No, it is not actionable at all, but the point I am about to make is that they will see the clauses and that none of the protective clauses in the Petersen-Tate contract appear in this contract, but the favourable clauses are extracted from the Petersen-Tate contract.

Mr. SYMINGTON, K.C.: That is a matter of comparison which we can make.

The CHAIRMAN: We can compare the two contracts.

Mr. SYMINGTON, K.C.: I think there is one very favourable that is left out.

Mr. MONTGOMERY, K.C.: Well, Mr. Donald did a good job when he did this one.

By the Chairman:

Q. As a matter of fact, Sir William, was the Petersen-Tate contract ever brought into effect, was it ever operated under?—A. No, Mr. Chairman, it was not.

Mr. MONTGOMERY, K.C.: A deposit of £20,000 was made under it, but it fell through because they could not finance it.

By Sir Eugene Fiset:

Q. Then it was acted upon?—A. Yes, to that extent it was acted upon. I made the deposit of £20,000.

By the Chairman:

Q. But the ships never ran under this contract, that is the point?—A. No.

Mr. SHAW: Did this early contract provide for the control of rates in any shape or form?

Mr. MONTGOMERY, K.C.: I will come to that in a moment.

Mr. SYMINGTON, K.C.: No, it did not.

Hon. Mr. STEVENS: Mr. Montgomery, have you got marked in the Petersen-Tate contract, the protecting clauses which are left out of the present Petersen-Low contract?

Mr. MONTGOMERY, K.C.: Instead of putting them by questions to Sir William, I can point them out.

Hon. Mr. STEVENS: I would suggest that Mr. Montgomery read these clauses to which he desires to draw attention, into the record, and we will accept it under that and save the questions.

The CHAIRMAN: I agree with you, Mr. Stevens. Mr. Montgomery, you have heard Mr. Stevens' suggestion: I think it is a good one. Instead of questioning the witness you might indicate what protective clauses appear in the Petersen-Tate contract which in your view do not appear in the present contract under consideration.

Mr. MONTGOMERY, K.C.: Well, you can follow it yourself, if you have the present contract. I will read the Petersen-Tate.

Hon. Mr. STEVENS: Just read it into the record and then we will have it.

Mr. SYMINGTON, K.C.: That would require an analysis of the contract I would suggest.

Mr. MONTGOMERY, K.C.: The Petersen contract reads, "Hereby covenant" and so on, the preambles are about the same. One, that they, the contractors, shall and will either personally or by a company—it is verbatim the same as the Petersen contract—"(A) build, equip, provide, establish, and during this contract continue in the manner hereinafter mentioned, a regular steamship service between the ports of Liverpool and the Canadian ports." Then it went on to describe in great particularity what the boats should be and what they should do, which is not given here.

The CHAIRMAN: When you say "not given here" will you particularize.

Mr. SYMINGTON, K.C.: It is in the schedule.

Mr. MONTGOMERY, K.C.: Other than that very general reference in the schedule, which is approximately that.

Mr. SYMINGTON, K.C.: The schedule is very definite. Where is your word "approximate" in it?

The CHAIRMAN: Anyway your point is that in the Petersen contract certain things are set forth in full which are referred to merely approximately in schedule A, that is your submission?

Mr. MONTGOMERY, K.C.: That is just the one paragraph. I will go on further.

Mr. SYMINGTON, K.C.: If my friend is going to make a comparison of the contract of course it must be of the whole contract.

The CHAIRMAN: Absolutely.

Mr. SYMINGTON, K.C.: There is not "approximate" in the schedule at all; except once it appears "approximate only." It is very detailed, I would say.

Sir EUGENE FISET: Don't you think it is sufficient for us for Mr. Montgomery to call our attention that this contract existed, and then I think it would be easy to study it afterwards?

Mr. MONTGOMERY, K.C.: I am content to leave it at that Sir Eugene.

Mr. RINFRET: I don't see any point in that.

The CHAIRMAN: Mr. Stevens, would you have any objection if I reversed my ruling?

Hon. Mr. STEVENS: Not a bit.

The CHAIRMAN: All right.

Mr. SHAW: What I would like to suggest is that Mr. Montgomery should say this: tell what provisions in the Petersen contract of 1897 should have been incorporated in the Petersen contract of 1925. If he will just indicate the number so that we can compare them?

Mr. RINFRET: That does not appeal to me either. Mr. Montgomery is not wanting any contract at all; why should he tell us that some provisions were in the former contract and should be in this one. He does not want any contract. Why should we go to him to find that out?

Mr. SHAW: I will withdraw that suggestion. Perhaps Mr. Symington, the counsel for this committee, will give us the information.

Mr. SYMINGTON, K.C.: I have never read it, Mr. Shaw.

The CHAIRMAN: I think perhaps we might go on to another point. We will make comparison of these two contracts.

Mr. MONTGOMERY, K.C.: In a general way, without taking up the time of the committee upon it, or bothering with small particulars—and there are many of them—the Petersen-Tate contract contained very elaborate provisions as to

the speed of the vessels, and a great many other things—the number of voyages, for instance, and it provided for reductions if a voyage should not be made and so on, and it provided for guarantees which were to be put up, which are entirely absent here. Some of the things which Sir William has now said he would have no objection to inserting or having provision put in for are in the Petersen-Tate contract, and have been left out of the present contract.

Sir EUGENE FISET: So in fairness, would you be satisfied if we embodied the Petersen contract of 1897 in this contract?

Mr. MONTGOMERY, K.C.: You could not satisfy me, Sir Eugene, with any contract.

Mr. RINFRET: That is the point.

Mr. MONTGOMERY, K.C.: Honestly I do not want to press upon this committee evidence of that kind if you do not want it, but it is my duty to draw attention to the fact that this contract here has been built up in that manner, or cut down in that manner, and only contains such clauses from the sources available—

Sir EUGENE FISET: It was only used as a drafting basis.

Mr. MONTGOMERY, K.C.: As a drafting basis, but the parts favourable were used and the parts unfavourable were not used.

Mr. DONALD: Mr. Chairman, I do not think that is a fair statement at all.

The CHAIRMAN: We will take it to go this far. Mr Montgomery draws our attention to the similarities and also to the dissimilarities in the two contracts. We will go along to the next point, then.

Mr. MONTGOMERY, K.C.: I have just one more point to draw your attention to.

By Mr. Montgomery, K.C.:

Q. There is one clause in that contract, Sir William, which is not taken from the Petersen-Tate contract. I am not suggesting that it is the only one, but it is the only one which I can find which has been copied literally from any other place, and which is not to be found in the Petersen-Tate contract, and that clause is— A. What is the clause, Mr. Montgomery?

The CHAIRMAN: This is the only question you have on this point?

Mr. MONTGOMERY, K.C.: Yes, and I will ask a general one after that, to draw your attention to the source, and I will not press it any further.

The CHAIRMAN: Very well, go ahead.

By Mr. Montgomery, K.C.:

Q. That is clause seven, not a very important one, but I suggest——

The CHAIRMAN:

> "The contractor shall not convey or permit to be conveyed in any steamer while employed in this service, any nitro-glycerine or any other articles which in the opinion of the Minister shall be considered dangerous."

Is that it?

Mr. MONTGOMERY, K.C.: Yes. That is taken literally from a book to which I draw your attention, issued annually by the Department of Trade and Commerce, "Report relating to Mail Subsidies and Steamship Subventions." It is a blue book, in which the same clause appears, under the heading, "Some clauses common to all contracts." The makeup of the book is a sort of synopsis of the various subsidy contracts, and they are followed by the clauses which are common to all contracts, and you will find in the Petersen-Tate contract a great many of them, and in this later contract the clause relating to

nitro-glycerine is found literally. That is where it has been taken from, because the words are textually the same.

Mr. SYMINGTON, K.C.: I think it is the same in all contracts.

The CHAIRMAN: What difference does it make, gentlemen?

By Mr. Montgomery, K.C.:

Q. My suggestion was that as the nitro-glycerine clause is not likely to ever bear a very important part in the thing—it is not for that I am drawing attention to it, but to draw attention to the fact that the drafter of this contract had before him the general clauses common to all contracts, and to suggest that there are many there which might perhaps profitably have your attention to compare with the general clauses which are common to every other subsidy contract, but which for some reason, which perhaps Sir William Petersen can or cannot answer, were left out of this particular contract.—A. I think this clause must have been introduced since Bolshevism came into existence.

Mr. SYMINGTON, K.C.: When we redraft the contract we will be very much obliged for my learned friend's suggestion.

By Mr. Montgomery, K.C.:

Q. As an exampile, Sir William, if you follow the drafting of this contract carefully, you will note that in answer the other night, you told my learned friend that you have no objection to amending one of the clauses, clause C, where it says, "—of approximately the same tonnage." You offered to add the words, "—and speed," I think.—A. Yes.

Q. That same expression occurs, does it not, in paragraph five, in connection with the substituting of boats in the case of one of them being disabled?—A. Yes.

Q. In both the Petersen-Tate contract and in clauses which are to be found in every other subsidy contract, the words used are:

> "Another of equal class, speed, equipment, character and capacity, to the satisfaction and approval of the Minister."

Can you tell me of any reason why the clause was cut down merely to "approximate tonnage"?—A. No.

Q. These clauses all contain—beyond inviting the attention of the committee to a comparison of these common clauses, I am not going through them all, all those which are absent from this particular contract—these subsidy contracts are all figured on a rate per voyage, are they not, as far as you are familiar with them?—A. I do not know.

Q. With provisions for reductions in case a voyage shall not be made?—A. I have not gone into that, Mr. Montgomery.

Q. What was to happen, Sir William, or what do you expect to happen if you do not make eighty voyages per annum, supposing you are put on the United Kingdom trade?—A. I do not know what is to happen; that all depends on the government.

Q. Do you get your full subsidy just the same?—A. It all depends on the government. The government, of course, can order the boats where they like; keep them in any port as long as they like. I have absolutely no control, so how do I know? They may keep a boat in harbour; they might tell me to call at half a dozen ports, and keep the ship a fortnight there; how can I calculate any regular voyage?

Q. So when you said the other day to the suggestion of the Chairman that if you were put on the St. Lawrence-United Kingdom trade in the summer, and the St. John or Halifax-United Kingdom trade in winter, your estimate was eighty voyages, you were giving no guarantee in that respect, in regard to that trade?—A. Certainly not; how could I?

Q. And if you only make 70 voyages in the place of 80, is it your suggestion that the subsidy run to the same amount?—A. Certainly.

Q. Or 60?—A. The ships will be absolutely able to prosecute their voyages at the same speeds and in the same times, but I am in the hands of the government; I cannot tell where they will send the boats, I cannot tell how long they will keep them in the various ports. They may send them to Spitzbergen, or some place like that.

Q. Just to simplify the matter, at the suggestion of the Chairman we took as a basis the Canada-United Kingdom trade.—A. Is that not what I have answered you already? Canada-United Kingdom trade. I am running that trade, or have contracted to run that trade as speedily and as efficiently as I can, and as my ships were meant to, under the control of the government. Beyond that, surely I have not anything further to say?

Q. So as you understand it, there is no fixed obligation on your part to run 80 voyages, if you are put on that trade?—A. There is obligation on my part to do it as speedily as possible, but always under the control of the government.

Q. But supposing you find, for instance, that you can only run 70 voyages on that route?—A. Then it will be the government's own fault.

Q. So that there is no way in which we can figure out how this subsidy is to be divided or how many voyages we are to get for our subsidy?—A. Not unless you like to sit down with me and I will make some calculations for you, but it can only be an estimate, because there is always a factor to be taken into consideration, and that is government control.

Q. Now, can you help us this much—A. That is where X comes in—the unknown quantity.

Q. Can you help us this much: supposing the Canada-United Kingdom trades were taken as a basis, paying you a fixed subsidy of £27,500 per annum, we would expect to get a certain number of voyages for that amount?—A. Certainly. I think you would get more than eight, too.

Q. You will agree that we could expect to get a certain number of voyages—whatever that number might be?—A. Certainly.

Q. And you are aware that every subsidy contract has in it a provision for a reduction in case that number of voyages is not made? You will agree with that?—A. Certainly I will not; I will not agree to that—not if the Government controls the ships.

Mr. SYMINGTON, K.C.: How can he guarantee any number?

The WITNESS: How can I guarantee any number of voyages?

By Mr. Symington, K.C.:

Q. Take the Canadian trade to the United Kingdom.—A. The United Kingdom or the Continent—any place you like. It would be ludicrous to attempt to stipulate voyages. I will prosecute the voyages as quickly as possible, and obey the orders of the Government as to where to go with the ships.

Hon. Mr. STEVENS: Who is the judge as to the expeditious manner in which the ships are to operate?

The WITNESS: The Government. You will soon find out by looking at the log-books whether the ships are being detained, and if there is any undue detention in any port, it would soon be accounted for. I take it each voyage would have a time sheet, stipulating the time occupied by loading and discharging, and the run across each way. It is very simple, but if other people direct my ships, and I am bound to accept their direction, I have no further control, and it would be absurd to ask me to stipulate a number of voyages. I am sure you will agree to that.

By Mr. Montgomery, K.C.:

Q. So we cannot get at any common basis of voyages, such as the Canadian-United Kingdom?—A. Not to be guaranteed, unless I get the Government to agree to send me to only one port, and leave it to me to get out as quickly as possible, or anything like that, but not under government control.

Q. The suggestion is made, Sir William, that most subsidy contracts have a clause by which the Minister is the judge as to whether you have complied with the terms of the contract as regards speed and despatch?—A. I have not seen many of them; I cannot go into that.

Q. There is no provision of that kind here?—A. I do not know to which contract you are referring, Mr. Montgomery.

Q. Both the Petersen-Tate and the General Subsidy ones.

The CHAIRMAN: The General Subsidy clauses, the general clauses found in subsidy contracts.

The WITNESS: Is that not fully stipulated in the contract—how I am to carry out the voyages?

The CHAIRMAN: Mr. Montgomery, as the judges of the Supreme Court would say, we will read the factums and will make comparison.

Mr. MONTGOMERY, K.C.: Honestly, I am not particularly interested in that—

The CHAIRMAN: I do not think we should spend any more time on that—

Mr. MONTGOMERY, K.C.: But the things are so glaring—

Mr. SYMINGTON, K.C.: I do not think they are glaring at all.

The CHAIRMAN: Well, if they are so glaring, we will see them for ourselves.

Mr. MONTGOMERY, K.C.: I am not interested in that, but I thought possibly we could get a memorandum for the members of the Committee.

The CHAIRMAN: Have you any further questions? Has any member of the Committee any questions to ask Sir William?

Sir HENRY DRAYTON: It might be the shortest way to have each Counsel file a memorandum.

The CHAIRMAN: That is a good idea; a short memorandum upon the differences between the Tate-Petersen contract and this contract.

Mr. SYMINGTON, K.C.: But not to be a legal opinion as to the meaning of this contract.

The WITNESS: They are two distinct classes of ships.

Sir HENRY DRAYTON: Let Mr. Montgomery put in his memorandum, submit a copy of it to Mr. Symington, and then let Mr. Symington file his reply.

The CHAIRMAN: Are there any further questions, Mr. Montgomery, because the ship sails to-morrow night, full or not full.

Sir HENRY DRAYTON: Is this a tramp or a liner?

Mr. MONTGOMERY, K.C.: All right, Mr. Chairman, I will apply the closure.

By Sir Henry Drayton:

Q. Sir William, what were the number of corrugated boats you had running in 1924?—A. Of my own company?

Q. Yes?—A. Three.

Q. Then, Sir William, how many other boats did you have besides those three, which were running?—A. One—four altogether.

Q. Three corrugated and one non-corrugated?—A. No, all corrugated.

Q. In 1924?—A. Only three in 1924. The fourth boat running in 1924 only came out in September and did not come into the fiscal year which ends on the 31st of July.

Q. Then we have, for 1924, three corrugated boats?—A. Yes in the Balance Sheet; this year we will have four.

Q. I notice in your evidence you give the date of debentures in two different ways; in one place you say 10 years, and in another place, 20 years; which is correct?—A. 20 years.

Q. 20-year debentures?—A. Yes.

Q. When you came over here after seeing Mr. Low in October—whom did you see when you came here?—A. I saw Mr. Low.

Q. Who else?—A. Well, let us see; Mr. Low met me, and, of course, I saw Mr. Preston.

Q. Yes, and who else?—A. I did not see anybody the first day. The following day I was introduced to Mr. Robb, Mr. Graham, and another Cabinet Minister—I forget who it was.

Q. Who else?—A. Well, then I saw the whole Cabinet—in the course of a day or two.

Q. And who else?—A. Well—

Q. I mean in connection with this work, Sir William—in connection with your proposition?—A. Well, I saw my lawyer, Mr. Donald. He had come down from Toronto. Those are all I can think of, in connection with this business.

Q. Now, we have already found that Mr. Low could not see that memorandum on which the basis is figured, because it was not drawn up until last week. What figures did you give Mr. Low in connection with the subsidy?—A. This memorandum you saw here, Sir Henry, is merely a copy of the figures drawn for Mr. Low in the course of negotiations of last year, but negotiations were drawn out to some considerable extent because the bases on which I first asked for the contract were quite different—

Q. I understand that. A. —than the ultimate figures, and, therefore, the figures on which this memorandum is based, of which I handed you a copy, were somewhat late in the course of our negotiations, and they were sketched by Mr. Donald, my lawyer, and myself. They were simply pencilled figures. However, the bases of the negotiations had been changed half-a-dozen times.

Sir Henry Drayton: Mr. Donald, will you let us have the figures, from which these statements were made up in the hotel last week? Have you got the papers here?

Mr. Donald: No, I have not.

Sir Henry Drayton: I think we should have these, Mr. Chairman.

The Chairman: I think Mr. Donald understood.

Mr. Donald: I would be glad to furnish anything that I have.

The Chairman: I asked you to bring them up to-morrow morning.

Hon. Mr. Stevens: Sir Henry is asking for the figures on which the specific statement was based.

Mr. Donald: They are only based on a lot of rough calculations.

The Witness: I might tell you, if that will interest you, that some of the figures I had, in England, still in existence, made out in pencil, were written on the back of a bill-of-fare of the Chateau Laurier.

The Chairman: Sir William tells us that the figures he has were written on the back of a bill-of-fare of the Chateau Laurier.

By Sir Henry Drayton:

Q. Can you tell us what figures were submitted to Mr. Low? Sir William, can you say what was submitted to Mr. Low? Can we see what details were

submitted to Mr. Low?—A. Yes. The figures stated in the memorandum were submitted to Mr. Low.

Q. Altogether in the form of a statement, or were little pencil scraps from time to time, submitted?—A. We did not submit the scraps to Mr. Low, from the pencil scrap. We submitted the figures, I think, in ink. I do not remember.

Q. Can you say whether this is the first time that settlement is made up or not, whether they are the slips for them, which you have, or whether they were discussed as individual slips, or whether there was a statement made up, showing why the Government should pay this money?—A. Yes.

Q. When was that done?—A. That was done perhaps a week before the contract came into existence.

Q. Where was that?—A. Well, submitted to the Government, to Mr. Low, at his office, but the figures were made up at the Chateau Laurier.

By Mr. Black (Halifax):

Q. That was when you were out here last year?

By Sir Henry Drayton:

Q. You gave to Mr. Low a statement similar to what you produce now, according to your evidence?—A. Yes.

Q. About a week before the contract was signed?—A. Ten days, something like that, before the contract was signed.

Q. Did you show them to any other member of the Cabinet, except Mr. Low?—A. I do not think I can say that. All the negotiations went through Mr. Low, the Minister of Trade and Commerce.

Q. You cannot say you showed them to anybody else but Mr. Low?—A. No.

Q. Through him the negotiations were had?—A. Yes.

Q. Where did you sign the contract?—A. Where did I sign it?

Q. Yes.—A. In the Council chambers, in the Minister's private room; the room adjoining the Council chamber.

Q. The room adjoining the Council chamber here, in Ottawa?—A. Yes.

Q. And at that time were you in Council? Did you go to Council? Were you attending Council at that time?—A. No, not at that time.

Q. Did you go into the details with any of the other Ministers at that time? Did you have any arguments with any individual as to why the subsidy should be what it is?—A. No, I do not think so.

Q. Not with any of them? The only man that you showed these to was Mr. Low?—A. Yes.

Q. What did Mr. Low say when you gave him the figures? How did you get him worked up to this sum?—A. It was not a question of getting him worked up.

Q. Perhaps you had to work him down. You may have had to work him down. I am not suggesting that you worked him up any more than you worked him down. How did you manage to get at it?—A. My figures were much bigger than that to begin with, but he worked it down.

Q. Oh! yes?—A. Yes.

Q. What were the figures submitted first?—A. I do not know. Something like over £300,000.

Q. How much over?—A. I do not remember really; something like that.

Q. What estimate did he strike out?—A. He just struck out an amount, which made it £275,000.

Q. He did not do that in a blanket way, I suppose? He struck off some of the items, did he not?—A. You know, Sir Henry, this was a matter of strenuous and long discussion. You have no idea what it meant, in those days, to negotiate with 19 cabinet ministers.

Q. You told me a moment ago that your negotiations were all with Mr. Low. Would you like to amend that and say that it was with all of them? You had these arguments with all of them?—A. Through Mr. Low.

Q. We had better leave it as it was?—A. Yes, I think so.

Q. So all the struggles were just with Mr. Low? I suppose you think you played out before leaving him, and you came down from £300,000 odd to £275,000?—A. Well, you know, it was a very tight squeeze.

Q. Will you tell us now what he struck off?—A. No, I cannot tell that.

Q. Could you tell me what— —A. I can tell you one thing, Sir Henry, that I was just on the point of leaving for old London. I was so tired out at the time, that I could not go on with it any longer. If I had not concluded the bargain at that time, I would have been out by the next train to leave Ottawa.

Q. Can you tell us now what was struck off, because I think, you have it pretty well covered now?—A. Do you think it is too much?

Q. Oh; I do.—A. You do?

Q. Oh; I do.—A. Well, I am sorry for that.

Q. What item was struck off? What was it for? You see, we have all your calculations, and of course, we do not have to take further calculations for the same thing. You know that something must have been struck off?—A. You must not forget, Sir Henry, when you deal with a Government and that government want to have full control of your property and your body and soul, you say to that government "I want some assurance" that you are not left in the cold.

Q. Now, Sir William, you are not putting a valuation on your soul here. Now, what was it.

Hon. Mr. STEVENS: He probably would ask him what he struck off.

Sir HENRY DRAYTON: Well, I think, we will have to add these original figures, before we go on with this.

The CHAIRMAN: If there is no other—

Mr. SHAW: I would like to ask a question, Mr. Chairman. Do I understand, Sir William, that your object was either one of two things, either to secure a guarantee from the Government that they would provide you with a full cargo eastbound, or in default of that, that you wanted the subsidy to cover your fixed charges. Is that exactly the situation?—A. That is quite right, Mr. Shaw.

Q. What percentage of cargo do you want guaranteed eastbound?—A. Well, I just want to be guaranteed a sufficient amount to pay all fixed charges, running expenses, and to allow for a reasonable profit to a shipowner.

Q. According to this amended plan of yours, who is going to determine whether these reasonable allowances have been earned?—A. Well, that is a question of accountancy, is it not?

Q. Quit right. A. And it should be a very simple matter to make up voyage accounts and have them audited and presented to the government.

Q. Do I understand that under your amended scheme you are prepared to allow the government to be the judge as to the earnings and the fair amount to which you would be entitled?—A. Mr. Shaw, I have no amended scheme, but it arose the other day from the evidence given by Mr. Middleton, Furness-Withy's man, who was asked—I have stated that a ship of 6500 tons should earn, at least £10,000, to pay for fixed charges.

Q. Per round trip?—A. Per round trip, and leave a reasonable profit to the owners. I think that was his statement, and upon that Mr. Montgomery asked me what I thought of it, so I said I would be very glad to take that if the Government would guarantee it, and I would want no subsidy.

By Mr. Shaw:

Q. Then I misunderstood your answer?—A. I think I answered that to Mr. Montgomery.

Q. According to your evidence, you did make some offer for the Canadian Government Mercantile Marine?—A. Yes.

Q. What did you propose to do with the vessels?—A. In the first place, I explained the other day, Mr. Shaw, that I have an interest in a wharf on the Thames, in England, and long before I came into touch with the Canadian Government here I had a scheme, which I still have in mind, of starting negotiations to trade with Russia, with the Soviet Government, and my intention was to run ships to the Baltic from the Thames, ships of from 2,000, 3,000 to 4,000 tons, and as the Canadian Government Merchant Marine possesses a number of those ships, I thought I could utilize those ships if I could get them at a reasonable figure for that trade.

Q. Where is the wharf on the Thames you speak of?—A. It is just opposite the Tilbury docks, if that will convey anything to you. It is a deep-water wharf.

Q. There is one other question I would like to ask you with regard to the provisions of section 1. You undertake to provide either by yourself or a company a service?—A. Yes.

Q. Suppose this contract goes through, have you any intention yourself to guarantee personally the performance of the contract?—A. That would only carry out the spirit and the letter. My intention from the beginning was, not to quit the company. I am going to stand by that company.

Q. Then I understand your position to be that you are prepared to guarantee personally the performance of that contract?—A. Yes, and what is more, I will guarantee the performance of the contract, and my heirs and executors if I disappear in the meantime.

Q. Do I understand from you, Sir William, that relying on this contract you have made certain alterations in the boats which are now under construction?—A. Yes.

Q. If the contract does not go through, you do not propose, I take it, to hold the Government responsible for those changes?—A. Certainly not. The Government is absolutely responsible for nothing. All the preliminary expenses in connection with this have come from myself, and the liability taken by myself.

By Sir Henry Drayton:

Q. I think you are entitled to something for appearing here?—A. They tell me I am entitled to five dollars a day, I don't know whether I shall claim it or not.

Mr. FLINTOFT: Before you commit yourself, Sir William, let us confer about it.

The CHAIRMAN: Any more questions? Sir Henry are you through with the witness for tonight?

Sir HENRY DRAYTON: Yes, I think so.

The CHAIRMAN: It is now 11 o'clock. The witness has been on the stand for two and a half hours. I think possibly this is a good hour to adjourn.

Sir EUGENE FISET: May be somebody wants to ask him some more questions. You had better not discharge him.

The CHAIRMAN: Sir Henry Drayton wants to ask him some questions on some documents. I would like to discharge him if I could.

The WITNESS: Mr. Donald cannot produce his papers until he goes to Toronto.

The CHAIRMAN: Well, he will produce what he can tomorrow morning. This Committee stands adjourned until 11 o'clock tomorrow morning.

The witness retired.

The Committee adjourned.

PARLIAMENTARY SESSION, 1925

Special Committee appointed to consider the

Resolution

to give the Government of Canada control over certain ocean rates

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Proceedings of the Committee

No. 26—Tuesday, June 2, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee

Messrs. George H. Montgomery, K.C., E.P. Flintoft, C. Russell McKenzie, for the steamship companies

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. H. H. Donald, Barrister and Solicitor, Counsel for Sir William Petersen, Toronto, Ont.

Mr. W. T. Marlow, Foreign Freight Manager, Canadian Pacific Railways, Montreal, Que.

Mr. Walter C. Wolfe, Superintending Engineer, Canadian Pacific Steamships, Montreal, Que.

Captain David Isles, Superintendent Stevedore, Montreal, Que.

Mr. Alexander Johnston, Deputy Minister, Marine and Fisheries, Ottawa, Ont.

Mr. Charles Duguid, Naval Architect, Department of Marine and Fisheries, Ottawa, Ont.

Hon. Thomas A. Low, Minister of Trade and Commerce, Ottawa, Ont.

OTTAWA
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1925

EXHIBITS

No. 94—Memoranda used in preparation of Petersen Contract. Filed by Mr. H. H. Donald. (Not printed).

No. 95—Memoranda used in drafting of Petersen Contract. Filed by Mr. H. H. Donald. (Not printed).

No. 96—Correspondence between Mr. S. R. Brown of the C.M.A. and Mr. J. A. Morice, Foreign Freight Agent, C.P.R., Toronto. (Printed as appendix to Proceedings No. 27). Filed by Mr. W. T. Marlow.

No. 97—Ocean freight rates of various commodities. Filed by Mr. W. T. Marlow. (Printed as appendix to Proceedings No. 27).

No. 98—Carload Commodity rates from U.K. Ports to Winnipeg. Filed by Mr. H. T. Symington, K.C. (Printed as appendix to Proceedings No. 27).

No. 99—Ship's Register of S.S. *Rio Dorado*. Filed by Mr. C. Russell McKenzie. (Not printed).

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
COMMITTEE ROOM No. 277,
TUESDAY, June 2, 1925.

The Committee met at 11.00 o'clock a.m. the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork—13.

Mr. H. H. Donald, Barrister and Solicitor, Toronto, Ont., Counsel for Sir William Petersen, was called, gave evidence and retired.

During the course of his examination Mr. Donald filed Exhibit No. 94, "Memoranda used in preparation of Petersen contract" which is not printed; No. 95, "Memoranda used in drafting the Petersen contract", which is not printed.

Mr. W. T. Marlow, Foreign Freight Traffic Manager, C.P.R., Montreal, who was again in attendance, was further examined and retired.

During the course of his examination Mr. Marlow filed Exhibit No. 96, Correspondence between Mr. S. R. Brown of the Canadian Manufacturers' Association and the Foreign Freight Agent of the Canadian Pacific Railway at Toronto, dated Dec. 30, 1924, and Jan. 13, 1925; which was read into evidence in part. Exhibit No. 97, Statement showing ocean freight rates of various commodities Canadian ports to United Kingdom ports in rebuttal of similar statement (Exhibit No. 80) with telegraphic correspondence regarding same between C.P.R. and C.M.A. which was read into evidence.

Mr. H. T. Symington filed Exhibit No. 98, "Carload commodity rates from United Kingdom ports to Winnipeg in 1912 and subsequent periods which was ordered printed as an appendix. (This appears in Proceedings No. 27).

The Committee adjourned at 1.15 o'clock p.m. to meet again at 3.00 o'clock p.m. this day.

The Committee reassembled at 3.00 o'clock p.m. the Chairman, Mr. McMaster, presiding, and the same Members present as at the morning session.

Mr. Walter C. Wolfe, Superintending Engineer, Canadian Pacific Steamships, Montreal, who was in attendance, was called, sworn, examined and retired.

Sir William Petersen, who was again in attendance, was further examined and retired.

Captain David Isles, Superintendent Stevedore, Montreal, who was in attendance, was called, sworn, examined and retired.

The Committee adjourned at 5.15 o'clock p.m. to meet again at 8.00 o'clock p.m. this day.

The Committee reassembled at 8.00 o'clock p.m. the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork—14.

Mr. Alexander Johnston, Deputy Minister of Marine and Fisheries, who was in attendance at the request of the Committee, was called, sworn, examined and retired.

During the course of Mr. Johnston's examination a copy of the Register of S. S. *Rio Dorado* was filed by Mr. S. Russell McKenzie as Exhibit No. 99, and is not printed.

Mr. Charles Duguid, Naval Architect, Department of Marine and Fisheries, who was in attendance at the request of the Committee, was called, sworn, examined and retired.

Hon. Thomas A. Low, Minister of Trade and Commerce, who was in attendance at the request of the Committee, was called, gave evidence and retired.

The Committee adjourned at 11.10 o'clock p.m. to meet again at 11.00 o'clock a.m. on Friday, June 5, 1925.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,
HOUSE OF COMMONS,
TUESDAY, June 2, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 11 o'clock a.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, a quorum now being present, the Committee will come to order. Sir Henry, have you any further questions you wish to ask?

Sir HENRY DRAYTON: There were some papers to be produced this morning.

The CHAIRMAN: Mr. Donald, have you handed the papers to Sir Henry, which he wanted?

Mr. DONALD: No, I have not as yet.

The CHAIRMAN: They may as well be formally produced.

Mr. DONALD: I do not know whether they will be of much use or not.

The CHAIRMAN: That will be for the Committee to judge.

H. H. DONALD called.

By the Chairman:

Q. Mr. Donald, will you kindly produce what papers you have in the form of memoranda?—A. I will, sir, yes.

Q. Pertaining to estimates upon which the amount of the proposed subsidy was based?—A. I will produce all I have. I produce everything in my possession, but I might say for the benefit of the Committee that, had I known these papers were to be called into effect, I would have kept them, in which case I would have had a pile that high (indicating), because the calculations were changed from time to time.

By Sir Henry Drayton:

Q. Were these all you had in front of you when the memoranda was prepared?—A. No; I destroyed them as I went along, because I did not want anybody to see them, and I did not know where they might be lost.

Q. I will not take you back very far, Mr. Donald; only to last week. Are these all the memoranda you had in front of you when the statement which has been put in here was prepared last week at the Chateau?—A. Let me say this, Sir Henry; when I first came down here on this occasion, six or eight weeks ago, I had a great deal more memoranda than I have now. At that time, I made a sort of a summary, and I destroyed a great deal of the memoranda which I had then. I came down with a big file, and I have a very small file now.

Q. After this process of elimination, this is all you have (indicating)?—A. That is everything I have.

Q. Has there been any further elimination since the statement was prepared last week?—A. No, I have not torn up anything recently, Sir Henry.

Q. I am giving you a nicer word in "elimination" than the words "tearing up." Is that (indicating) a copy?—A. That is a copy I made last week.

Q. Well, let us take the first one. When was that drawn up?—A. When I first came down here about six or eight weeks ago.

The CHAIRMAN: We will produce this memoranda prepared six or eight weeks ago as Exhibit No. 94.

EXHIBIT 94: Memoranda used in preparation of contract.

The WITNESS: That is only a memorandum, Mr. Chairman, pure and simple.

Sir HENRY DRAYTON: This other one (indicating) looks to me as if it might have been prepared at the same time.

The WITNESS: I think it was done before this (indicating Exhibit 94).

By Sir Henry Drayton:

Q. But these three sheets comprise one memorandum?—A. May I just explain that? I had several other sheets of paper which came from my own office in Toronto—this blue-lined paper (indicating)—on which I had made memoranda, but these are the only ones I have been able to find.

Q. That was made previously?—A. Previously; exactly.

Q. About what time?—A. I cannot tell you; I made so many memoranda in regard to this matter.

Q. But this is all you can give us?—A. That is all I can find; if I had any more I would be pleased to produce it.

Q. Had you any more in front of you last week, when the original of that (indicating) was drawn up?—A. When this was drawn up, all I had in front of me was this statement (indicating Exhibit 94). I may have had the other two also (indicating).

The CHAIRMAN: Shall we refer to this as an exhibit also?

Sir HENRY DRAYTON: Yes.

The CHAIRMAN: This will be marked as Exhibit No. 95.

EXHIBIT 95: Memoranda used in drafting the contract.

Mr. SYMINGTON, K.C.: Exhibit No. 95 is a draft of the contract——

Sir HENRY DRAYTON: That is older; there is no doubt about that.

Mr. SYMINGTON, K.C.: On the front of No. 95—these are drafts——

The WITNESS: Yes.

By Mr. Symington, K.C.:

Q. Can you say they were prepared when the contract was being drawn?—A. I would imagine it would be about that time.

By Sir Henry Drayton:

Q. But you might have had this scribbling paper for use long afterwards?—A. That is quite true.

Q. And these (indicating Exhibits 94 and 95) were prepared a good long time before the contract?—A. Yes, although I cannot pin myself down to the exact date upon which I wrote these.

The CHAIRMAN: Do you want to put that in (indicating)?

Sir HENRY DRAYTON: No, that is only a copy of the other one.

By Sir Henry Drayton:

Q. Now, can you tell us which of these memoranda—or whether any of these memoranda—were ever submitted to Mr. Low?—A. I will give it to the best of my recollection, Sir Henry. I do not know exactly what figures were submitted to Mr. Low. I would not be prepared to swear just when or what memoranda were handed Mr. Low on the subject, because there were so many

different phases of this contract at different times that the situation changed from day to day, and Mr. Low may have had different memoranda handed to him.

By Sir Henry Drayton:

Q. Did you hand him any?—A. I would not be prepared to swear what I handed to Mr. Low.

Q. Did you discuss with Mr. Low the basis of the subsidy?—A. I think the subsidy was discussed several times between Sir William Peterson, Mr. Low and myself.

Q. Can you give me any information on that? Can you tell us the points of dispute between Sir William and Mr. Low?—A. I cannot tell you. I know that Sir William Petersen wanted more subsidy than was given, and there was some discussion along those lines. Sir William and Mr. Low also had several discussions when I was not present. I know that, because I left the room when Mr. Low came in.

Q. In connection with the request for more subsidy—upon what item was that?—A. I cannot tell you that, Sir Henry.

Q. Did you have to do with the memorandum which was originally prepared by Sir William?—A. What memorandum was that?

Q. The memorandum he gave to Mr. Low in England?

The CHAIRMAN: Sir Henry, the thought is just coming to me—I do not know whether any question is directly on this point or not, but, of course, you will not ask him regarding anything that passed between Sir William and himself?

Sir HENRY DRAYTON: I have not, Mr. Chairman.

The WITNESS: What was your question?

By Sir Henry Drayton:

Q. Do you know anything at all about the original memorandum?—A. I had nothing to do with it. You mean the memorandum handed by Sir William to Mr. Low in London?

Q. Yes?—A. I never saw it until I came to Ottawa last Fall.

The CHAIRMAN: Sir Henry, although you have not asked any questions of that kind, are we not getting rather near the line of absolute privilege between solicitor and client?

Sir HENRY DRAYTON: That is a point the witness may take any time he likes.

The CHAIRMAN: I know, but the witness is frankness itself, and I think, being a member of the Bar, and presiding over this Committee, I would direct the attention of the Committee to it. You are a member of the Bar, Sir Henry, and I am sure will have the same feeling as I have.

Sir HENRY DRAYTON: I would not have thought that that concern was the Committee's first and immediate concern. I would have thought that that was the concern of the solicitor. I may be wrong in that. It may be the immediate concern. I would point out, however, that I am not asking anything which could have the slightest thing to do with anything done under that.

The CHAIRMAN: The point has not been raised by Mr. Donald, but I would not like any question to be asked about things which Mr. Donald found out, because he was Sir William's solicitor.

Sir HENRY DRAYTON: If you say that, in connection with this public business, Mr. Chairman, you might just as well say that we cannot examine this witness at all.

The CHAIRMAN: We can ask Sir William anything we like and I do not think I have endeavoured to restrict his examination in any way, but is it quite proper for us to ask the solicitor about the facts that he learned, because he was the solicitor of the party before us?

Sir HENRY DRAYTON: In so far as the solicitor and clients and their own personal relationship are concerned, no; in so far as the solicitor knows anything at all about it, if he knows anything, as to what takes place, when these parties came together, as to what was going on, I should have thought that there was no doubt about it and we could get the information. However, if the Chairman wants to rule that way, I have no objection.

The CHAIRMAN: I would like to have the help of Sir Henry Drayton, who was at the bar many years before I was.

Sir HERY DRAYTON: I can tell you frankly at once, in so far as the relations between Mr. Donald and Sir William are concerned, by themselves, of themselves, to themselves, there is privilege, but just as soon as Sir William goes with his solicitor, to consult with the Government, to say that just simply because he happens to be his solicitor, we cannot learn from him what takes place in these negotiations, I would suggest, is ridiculous.

Sir EUGENE FISET: I think all this information can be got from the witness himself and from Sir William Petersen. I do not think you can differentiate between the private business of Mr. Donald and the relations between Mr. Donald and Sir William Petersen, not even if he got information that may be of a general nature; he got it as the solicitor of Sir William Petersen, and I do not think that that is a fair question at all.

The CHAIRMAN: Sir William told us last night, he did not prepare it; that his solicitor prepared it.

Hon. Mr. STEVENS: We ask the solicitor what is the basis of it. He says: "I am the solicitor of Sir William".

The WITNESS: I did not say that.

Hon. Mr. STEVENS: The Chairman says: "Oh, but he is the solicitor for Sir William; you should not press it". We are politely told "you cannot get the information".

The CHAIRMAN: I did not definitely rule on the matter. I did draw Sir Henry's attention to the fact that I thought we were getting pretty close to the border line, but I would be glad to hear from other members of the Committee, who are members of the bar.

Mr. SHAW: The relationship of lawyer and client does establish a confidential relationship, but there is a relationship which is not confidential. It is confidential, in so far as the lawyer is concerned, but if the client desires to make it public, then he is perfectly at liberty to do so. I understood yesterday from Sir William Petersen, that in so far as he was concerned, he had no objection to the facts being disclosed.

The CHAIRMAN: Have you any objection to Mr. Donald disclosing to the Committee anything that he learned, because he happened to be your solicitor?

Sir WILLIAM PETERSEN: None whatever.

Hon. Mr. STEVENS: I am not asking Mr. Donald to disclose things that happened because he was the solicitor. I want to make this clear, that neither Sir Henry nor myself desire to bring about a breach of confidence between solicitor and client.

The CHAIRMAN: Let me put it this way. Have you any objection, Sir William, if, in answer to questions put to him by members of the Committee or others, Mr. Donald discloses facts which he would not have known about, had he not been your solicitor?

Sir WILLIAM PETERSEN: I have no objection.

By Sir Henry Drayton:

Q. That original memoranda, I see, you saw it in the fall?—A. What original memoranda are you referring to, Sir Henry?

Q. The memoranda given by Sir William to Mr. Low, in England?—A. Is that a memorandum beginning "X"? If you will show it to me I will tell you when I saw it.

Q. Nobody seen it. Sir William says he has not got it now, that Mr. Low has it. I am asking if you saw it at any time.—A. I want to make sure what I am saying. I would like to see the document you are referring to.

Q. I could not tell you what it is, I have not had a chance to see it. —A. I would like to know something more about it before I answer the question.

The CHAIRMAN: The original memorandum. I have just got a letter from the Minister, which perhaps I might read now:—

OTTAWA, June, 2, 1925.

Office of the Minister,
A. R. McMASTER, Esq., M.P.,
Chairman of the Committe on Ocean Freight Rates,
House of Commons, Ottawa.

My dear Mr. McMASTER:—The Clerk of your Committee has asked me to send forward, for the information of the Committee, a copy of a memorandum given to me by Sir William Petersen and a showing how I arrived at the basis of the subsidy proposed under the resolution at present under discussion. I can only say that I have no memorandum which served as a basis for the estimate of the subsidy. Before the subsidy figure was arrived at, considerable calculation and other figuring was done from time to time. Sir William Petersen always insisted during these discussions upon the fact that his greatest fear was a rate war or a boycott, and that he wished to be protected against such an emergency. I finally agreed to a subsidy which would protect him to the extent of a cut in existing rates of 25 per cent. During the entire negotiations I had as the main principle in mind that the Government must have absolute and complete control of rates. Along with this my intention always was that on the completion of the agreement we should immediately effect a 33⅓ per cent cut in the rates, thus returning to the Canadian shipper the full amount of the subsidy and several hundred thousand dollars to the good.

"The only contract which I had in the Department of a similar character to serve as a guide, was one entered into by the Government of Sir Robert Borden in 1913 with the Royal Mail Steam Packet Company, whereby the Government agreed to pay for a period of five years an annual subsidy of $340,666.66, for the West Indian Service. This annual subsidy represented 39 per cent return on the actual cost of the boats. In other words, the subsidy paid in 2½ years would represent the entire cost of the boats to the Company. In 10 years the Company was paid $3,244,614.60, almost four times the cost of the boats to the Company.

"In view of your request for a memorandum along the lines desired, I offer this statement as an explanation of the figure arrived at for the subsidy, in addition to any other information already filed with you.

Yours very truly,

(sgd) THOS. A. LOW.

Sir HENRY DRAYTON: Most of that letter is just simply political propaganda. The only thing he was asked about it was, to let us have the memorandum, and Sir William Petersen says he has it. Our next witness ought to be the Minister. He says "I have a memorandum, which served as a basis for the estimate of the subsidy." I do not know whether that means no memoranda at all or no memoranda, which served as a basis for the estimate of the subsidy.

The CHAIRMAN: I did not write him a letter last night, when Sir Henry brought it up. As a matter of fact, I asked Mr. Gordon, one of our clerks, to communicate with the Minister and ask him to bring to the Committee, this morning, the memoranda which had been handed—if my recollection serves me right—as having been handed by Sir William Petersen to Mr. Low. I speak from recollection. I may not be right.

Mr. SYMINGTON, K.C.: Handed to him in London.

Sir HENRY DRAYTON: What I want to get it the basis from which all these things worked, on which to found something that is tangible.

Mr. BLACK (Halifax): It seems to me that those papers should be in the possession of the department somewhere. They are the basis of that contract, and the contract is not yet completed. It is true that the contract is drawn but has not met with the approval of Parliament. Surely these important papers would not be destroyed.

The CHAIRMAN: Can we finish with Mr. Donald?

Sir HENRY DRAYTON: Mr. Donald says he does not know anything.

The WITNESS: Will you just repeat your question?

By Sir Henry Drayton:

Q. My question was as to whether you had seen the original memoranda, prepared by Sir William, giving the basis upon which these negotiations were entered upon, handed by him to Mr. Low, in London?—A. Sir Henry, I saw a memorandum beginning "X." What the details of that memoranda are, now I could not tell you. It is some time ago since I saw it. I saw that in Sir William's room at the Chateau.

Q. Was that memorandum, commencing "X," used in the discussion at all, as a basis?—A. I think it was used. I am sure it was used by myself, when I started to draw this contract.

By Hon. Mr. Stevens:

Q. Mr. Donald, I have here Exhibit 93, which is memoranda setting forth the particulars of this subsidy.—A. Yes.

Q. It shows, first, a division into debentures, second debentures, and so on, and a careful calculation of interest and sinking fund. What I want to ask you frankly is this: Do you state seriously that that calculation and that memoranda is based upon data, such as you have given to us, in Exhibit 95, and 94?—A. Exhibit 93, is based on Exhibit 94, and 95, and some other memoranda that I might have had at that time.

Q. Well, now, did you have any memoranda, such as particulars of cost of the ships, what might be called reliable calculations of these ships, and reports from marine architects?—A. I am afraid I had to take the actual cost of the ships for granted, Mr. Stevens, from the figures that were given to me by Sir William.

Q. Quite so, but I am not talking about the amount of the figures; I am talking about documents. Surely this important document, upon which a $275,000 subsidy is based, is not calculated from mere scraps of paper, or verbal observations made?—A. Mr. Stevens, during the six weeks, I think, that Sir William was negotiating for this contract, there were many propositions, of various characters, submitted. The consequence is that the figures, making up the subsidy, changed considerably from time to time. The original cost of the ships was figured on by Sir William at £135,000 each, and he estimated that he would have to spend £15,000, bringing it up to £150,000 per ship. Ten ships would calculate £1,500,000. I did my calculation on information that was given to me. I may be a poor arithmetician, so you may find that it may not add up properly.

Q. Sir William made the statement yesterday that included in that item of £50,000 was a large sum for marine architects and other matters of that kind? —A. Yes.

Q. He said he had some marine architects considering these additions?—A. Yes.

Q. Did you ever see any calculations or documents from marine architects, upon which these figures were based?—A. I did not, although I have heard him say, as he said yesterday, that he had employed marine architects in this connection.

Q. And these documents which you produce, then, are the only documents, outside of some other scraps of paper that have been destroyed?—A. Mr. Stevens, as I made the statement when I first stepped into the witness box, if I had known that these memoranda would be called for by the Committee, I would have saved them, and I may say that I could have produced four or five envelopes full of scraps of paper, as you call them.

Q. But there is not in existence any prepared documents either confirming the basis of a company organization, or reports by marine architects, or reports by accountants, upon which this statement was based?—A. There is no report by an accountant, no. There is no report by a marine architect, that I have seen; Sir William may have seen it. The cost of the company organization is an estimate which Sir William made, as he stated yesterday, from his previous experience in incorporating companies in the Old Country.

Q. Did you take the precaution of looking up the English law? I am asking this question because it struck me as an extraordinary thing there should be a charge of £20,000 for the organization of a company to carry on this work. That is government fees, not legal fees?—A. Yes, I understand. I did not look it up personally, but I have asked one or two legal men of my acquaintance in Toronto, and they have both assured me that the corporation fees in the Old Country are very high. I did not look it up, because I did not expect to have anything to do with the company, as it was to be incorporated in England.

Q. Now, when you calculated this sum of £44,000 per annum for upkeep and repairs, was there any statement placed before you showing the basis of that estimate of the cost of repairs?—A. No, only the information Sir William gave me as to what he expected repairs to cost over a period of ten years.

Hon. Mr. STEVENS: That is about all I have to ask, thank you.

The CHAIRMAN: Any more questions of Mr. Donald?

By Mr. Symington, K.C.:

Q. I presume you took your client's word and did not question his word? —A. I did not.

Q. Looking at that memorandum attached to the Minister's correspondence, is that the "X" letter you referred to, which you stated you had seen?—A. No, that is not the one I saw. The one I saw is somewhat the same, but I think it is a little longer; I think it is on two pages. But it is the same principle.

By Mr. Shaw:

Q. Mr. Donald, in regard to this memorandum, can you give us any information—you say you cannot produce the memorandum or a copy ot it?—A. Which is that?

Q. I am talking about the memorandum which Sir William said he handed to someone else in London. You said you had a copy of that?—A. No. I said I saw a memorandum in Sir William's room in the Chateau, beginning "X," somewhat similar to the one Mr. Symington showed me.

Q. You had the memorandum before you when you drafted the contract?—A. Yes.

Q. You do not know what has happened to that?—A. I do not.

Q. What I want to ask is this. I suppose, Mr. Donald, you are not drawing these contracts every day?—A. I will be quite frank with you and say it is the first one I have drawn of this kind.

Q. Can you tell us now, from memory or recollection, any of the contents of this memorandum?—A. Mr. Shaw, as well as I can recollect—may I see this other one—it is something along the lines of this memorandum which Mr. Symington shows me, in the Minister's correspondence. There was no mention of subsidy in the memoranda I saw, Mr. Shaw.

Q. But you say it is substantially the same as the one there?—A. Along these lines. It is a long time since I saw it, and I would not like to say just what is in it and what is not in it. I would be very glad to help you if I could, but I cannot say any more than that, on my oath.

Sir HENRY DRAYTON: I think that is perfectly reasonable.

The CHAIRMAN: I think so. Any further questions? We are very much obliged to you sir.

The witness retired.

The CHAIRMAN: Who is the next witness? Have you any other witnesses, Mr. Flintoft?

Hon. Mr. STEVENS: We were not quite through with Sir William Petersen.

The CHAIRMAN: Perhaps we could go on with Mr. Flintoft's witnesses and then recall Sir William.

Mr. FLINTOFT: There are one or two points I wish to clear up through Mr. Marlow, sir.

WILLIAM THOMAS MARLOW recalled.

The CHAIRMAN: You have already been sworn, sir; we will not have to go through that ceremony again.

By Mr. Flintoff:

Q. Mr. Marlow, during Mr. Stewart B. Brown's evidence, you will remember he produced a list of rates which he had compiled, and of which I think you have a copy, have you not?—A. I have.

Q. According to my recollection—

The CHAIRMAN: He was the man from the Canadian Manufacturers' Association.

Mr. FLINTOFF: Yes, sir.

By Mr. Flintoff:

Q. Mr. Marlow, as I remember it, Mr. Brown, in giving his list of rates for 1914, stated that he had obtained these from a Grand Trunk sailing list?—A. That was my understanding, the rates of 1914.

Mr. SYMINGTON K.C.: He produced it.

Mr. FLINTOFF: He produced it, but he did not file it; it is not on the file.

By Mr. Flintoff:

Q. Can you tell us, Mr. Marlow, just what is the nature of that list?—A. At the time and previous to that, both railways—the Grand Trunk and the Canadian Pacific—published these sailing lists probably weekly, sometimes perhaps not as frequently.

Q. What did they contain?—A. On the inside, my recollection is that they had a list of printed commodities, with rates shown opposite.

Q. And the ships' sailings?—A. And the ships' sailings, yes. These rates were put in from time to time by the railways, as obtained from the steamship lines, but I do not know they were not always reliable.

Q. Were these lists—did they purport to publish the rates actually in effect?—A. No, my recollection is that they contained in print at the bottom, "Subject to confirmation as to rates and space."

Mr. SYMINGTON, K.C.: I think the language was, "Subject to change."

Mr. FLINTOFT: "Subject to change without notice."

Mr. SYMINGTON, K.C.: That was on the list he had.

By Mr. Flintoff:

Q. Then is that practice still in effect, Mr. Marlow?—A. No, it was discontinued shortly after the war. As far as the Canadian Pacific is concerned, one of the reasons we found it necessary to change it, was that there might be ocean rate changes that the railways were not advised of between the issuance of one publication and another. We did not want to give out information as to rates that was not reliable, and furthermore we did not want to be in the position of quoting rates that we could not get the steamship lines to protect.

Q. Were these rates published—did they purport to cover conveyance on all steamships, or any particular line?—A. No, I do not think at that time there was uniformity of rates to all United Kingdom ports.

Q. By what were they superseded, this particular type of list?—A. As far as our company is concerned, well, both companies, we publish now a list similar to this one I have in my pocket, which gives the sailings only, and publishes no rates.

Q. Is that what took the place of the previous list?—A. That is how the previous list has developed. It has developed into this, now.

Q. You publish nothing containing the commodities?—A. We publish no rates now.

Q. You publish no list of commodities. As I understand it, following that they published a list of the commodities without rates?—A. There was a period during which it was found that the rates were so unreliable that they printed in red across the part where the rates would be inserted "Rates on application."

Q. Then, Mr. Marlow, I understand that Mr. Brown stated that his 1925 rates were obtained from the Canadian Pacific agent at Toronto, was it not?—A. I believe so.

Q. Could you explain how that came to be obtained?—A. Yes. We have found that in December, 1924, December 30th, he wrote to our Toronto office and asked for a list of rates on certain commodities, which he mentioned, in order to bring his records up to date. No movement of traffic was mentioned.

Q. What was the nature of the list that was furnished to him?—A. He apparently took the commodities that were printed in that former sailing list and which probably at the time were moving, and used them to ask for rates—

Q. You say, "at the time"; you mean in 1914?—A. 1914, that printed list in 1914. He took the commodities from that and asked for the rates on the same commodities as applicable at that time, December, 1924.

Q. And what was given to him?—A. Well, the rates were given to him, in so far as our Toronto office were able to find the commodities specified in the tariffs, and on one or two commodities where the rates were not specified in the tariff, they gave him the general cargo rate, which is a maximum rate provided in the tariff to cover odd lots and small shipments from time to time.

Q. That is what you call a "paper rate," largely?—A. It is a paper rate, practically.

Q. You might just explain to the committee what you mean by that.—A. The idea is this, that we have to have a tariff which will at all times supply a rate. You could not say there was no rate, but our usage has been—and I think I illustrated that amply in my former evidence—that wherever a move-

ment begins it is customary for an exporter to apply for rates, and we usually make the rate to fit the traffic.

Q. I suppose you are referring in that connection to the articles on which these extreme percentages of increase are shown?—A. Yes. That 566 per cent increase worried us a little bit, because we did not believe there was any such increase in reality. It was merely a paper increase. So I reported to our office and we sent a telegram; that is, Mr. Kirkpatrick on May 22nd sent a telegram to Mr. Brown to this effect:—

> "Widespread publicity given statement filed by you ocean rates committee. Ottawa reports show 566 per cent increase rates several commodities present time over 1914. Figures used are general cargo rates in tariff for goods not particularly rated any commodity of which there is movement always given appropriate rate. Do you know any Canadian manufacturer exporting to the United Kingdom the following: starch corn cane syrup iron ore steel bars loose wooden ironing boards shoe lasts pulley blocks wooden spoons cottonseed cocoa glucose flow castings."

I think he meant "plow castings." I think that is a misprint. However his statement said "flow castings." f-l-o-w. It is fairly indicative of how carelessly the list was made up.

The CHAIRMAN: It would be "plow castings."

The WITNESS: Yes. Then, reading on:—

> "Windmills ores copper chrome marl or cobalt oleo wax radiators dried beans lubricating oil. If so would be glad to have their names and if they have applied to steamship lines for rates such commodities within past eighteen months."

And this is the reply he sends us on May 27th.

By Mr. Flintoft:

Q. A reply from Mr. Brown?—A. From Mr. Brown, dated May 27th, to Mr. Kirkpatrick:—

> "Yours 22nd statement filed ocean rates committee comparison of rates 1914 with 1925. No complaints received last eighteen months on commodities mentioned. Your wire re rates to United Kingdom have no knowledge as to Canadian manufacturers exporting to United Kingdom commodities mentioned your wire with possible exceptions ironing boards shoe lasts iron or steel bars. In order to determine definitely this point it would be necessary to take up with all existing manufacturers. Think pulley blocks mentioned my statement should be eliminated as wood pulleys is the commodity we understand being exported."

That is signed "S. B. Brown."

Q. On that one point, Mr. Marlow, of wood pulleys. What is the increase shown on wood pulleys? Have you got that?—A. Yes.

Q. He shows pulley blocks, an increase of 566 per cent, does he not?—A. Yes. And now he admits that pulley blocks were not intended and should be eliminated altogether.

By the Chairman:

Q. Did he say that?—A. Yes.

By Mr. Flintoft:

Q. And wood pulleys substituted?—A. I am answering a question by the Chairman for the moment.

The CHAIRMAN: Wood pulleys is the commodity?

The WITNESS: Yes.

By Mr. Flintoft:

Q. Yes. Well, wood pulleys I see in the statement is shown in 1914 as having a rate of 7.97 cents per cubic foot.—A. He showed it as 6 cents per cubic foot; but we make the rate from the tariff, which I am filing here, 7.9 cents per cubic foot. That is, it was a sterling rate and worked out into cents per cubic foot, at 4.86 exchange, it works out 7.97.

Q. And the 1925 rate?—A. Is $1 per 100 lbs. Now the likelihood is that if you took the relation between the measurement and the weight of this commodity, the $1 per 100 pounds would show very little, if any, increase over the rate of 7.97 per cubic foot.

Q. Well, Mr. Marlow, you have gone through this list, I understand, and compared a corrected list. Now you might just explain that corrected list and I expect the Chairman will desire to have it filed; a copy of the corrected list. —A. I may say that almost every commodity is at variance with the tariff which I will produce.

Q. You are speaking of the 1914 rates?—A. The 1914 rates. And again some of the rates given for 1924 are incorrect.

Q. For 1925?—A. 1925, yes. Would it be necessary to go through this list, item by item?

Q Could you, without going into too great detail, indicate generally what are the differences in the 1914 rates?—A. Well, we will take where these heavy increases are indicated.

Q. Just take your 1914 rates first and explain generally what the differences are, if you will, first, and then we will deal with the heavy increases.—A. I do not quite understand you, Mr. Flintoft. Take each rate and show the percentages.

Q. No, just generally. Can you explain in a general way how these differences come about? I understand that practically every rate in the 1914 list is incorrect according to your tariff. The differences are not very great in some cases?—A. No.

Q. Can you explain generally what is the reason for that difference?—A. Well, one of the explanations that I might venture is that he has taken the general commodity rate from that Canadian, or that Grand Trunk list, and applied it on articles which were specifically rated in the steamship tariff.

Q. So that where he could not find a specific rate in that sailing list, he just shoved it into the general commodity list?—A. Apparently.

Q. Not having the actual tariff before him?—A. Apparently. And then it should be explained further that that rate list was a pamphlet about this size, and did not purport to cover only a few commodities, such as provisions, lubricating oils, and so forth; in fact a few of the commodities that he mentioned. It did not purport to cover everything that was shipped at the time.

Q. A pamphlet about the size of a railway timetable.—A. Well, this is about the size it was.

Q. The reporter will not know what that size is.—A. In a double sheet pamphlet about 4 by 8 inches.

Q. Yes. Then, Mr. Marlow, to what port did these rates in 1914 apply?—A. Well, we took for the comparison the port of London, for the reason that our records show at that time we were getting the large portion of our cargoes to London, particularly of commodities such as are mentioned.

Q. And these are the correct tariff rates from the tariff which you have in your possession?—A. Yes. And which we are prepared to file here.

Q. Then, Mr. Marlow, I suppose all these rates were quoted in sterling, were they?—A. No, not all.

Q. But some? A great number of them.—A. The greater number.

Q. All those that end in a fraction of a cent?—A. That is on account of the conversion from sterling into currency.

Q. And in the sailing list that Mr. Brown had, were they quoted in sterling? —A. Yes, a great many of the rates were quoted in sterling.

Q. So I suppose some difference may occur in the conversion?—A. Yes, there may be some difference there.

By the Chairman:

Q. Let me ask Mr. Marlow this question. The figures Mr. Brown gave the other night, were they approximately correct in the generality of cases?—A. No, they were not, Mr. Chairman. And unfortunately they bring out this heavy increase in rates which in reality did not exist. Here is a newspaper clipping with headlines, sir.

By Mr. Flintoft:

Q. Let me explain. While the difference in cents is not great, it makes the percentage differences appear very large.—A. Greater than they actually were.

Q. Then, Mr. Marlow, we can leave the 1914, I think, and you might explain the 1925 rates. I understand you to say that there is a number of differences there.—A. Yes, I might give instances.

Q. In the first place, Mr. Marlow, was this whole statement of rates obtained from our agent at Toronto?—A. No, it was not.

By the Chairman:

Q. When you say "our agent"?—A. I mean the Canadian Pacific agent.

By Mr. Flintoft:

Q. And apparently in a great many cases Mr. Brown took the same course of resorting to the general commodity list?—A. Well, that would be my guess. I do not know.

Q. Where he had not the specific rate, he just took the general commodity rate?—A. That is apparently what was done. I do not know that to be the fact.

Q. Does that list in Mr. Kirkpatrick's telegram represent the commodities on which there are the largest increases?—A. Yes, it does. Then I may say further in that connection that we have checked our manifests.

Q. If you will just follow me, I want to bring out those commodities. I understand there are about half a dozen on which there is an increase of 566 per cent, is it?—A. No, there appear to be four.

Q. Four on which there is 566 per cent. What were they, Mr. Marlow?—A. First, wooden ironing boards. The explanation of that is probably that in 1914 wooden ironing boards were moving; there were shipments offering. To-day there are not. But we have got bake boards moving, which are wooden bake boards, and on wooden bake boards I remember very distinctly we made a low weight rate of 75 cents per 100 pounds, realizing that a low priced commodity such as wooden ironing boards or wooden bake boards would not stand a high cubic measurement rate.

Q. And are there any ironing boards moving to-day?—A. Not that we are aware of, and we have checked our manifests for 1924 and cannot find any.

Q. And if there were any moving, the rate would be analogous.—A. Most certainly, we would make the rate the same as that for bake boards, it being a similar article.

Q. What rate is that?—A. Seventy-five cents per 100 pounds.

Q. And what was the rate he quoted?—A. He quoted the general cargo rate. Forty cents per cubic foot.

Mr. SYMINGTON, K.C.: And 75.

The WITNESS: Or 75, which means the ship's option, which means that the general cubic rate would apply.

By Mr. Flintoft:

Q. Then what are the others?—A. Another article was these pulley blocks he mentioned and now he admits that pulley blocks are not shipped at all, that he referred to wood pulleys, on which the rate is $1 per 100 pounds. A weight rate instead of a measurement rate.

Q. Then I notice you have shoe lasts. Was that one of the others?—A. Yes, he said shoe lasts. I don't know whether he said it in his telegram, but my inference is that what is meant is last blocks. He says in his telegram possible exceptions of shoe lasts. We can find no shipments of shoe lasts but we can find shipments of what are known as last blocks; that is the block of wood out of which the last is made, which is a very much cheaper commodity. It takes a rate of 45 cents per 100 pounds in the 1924 tariff.

Q. Just to go back a moment to that ironing boards item. Mr. Brown stated that it was 40 cents a cubic foot or 75 cents per 100 pounds. How would those two rates compare?—A. Well, there is no comparison, you see, between a cubic foot rate, unless every shipment of pulley blocks measured the same in proportion to the weight. You could not make any comparison. You might have one lot weighing we will say 900 pounds to the 40 cubic feet and another weighing 800 pounds to the 40 cubic feet.

Q. Quite so, but I was wondering, Mr. Marlow, when you told us a short time ago that on wood pulleys a rate of $1 per 100 pounds would work out at about the same as 7·97 cents per cubic foot—you told us that?—A. No, I did not say it as definitely as that, Mr. Flintoft. I said it probably would not be any higher than the old rate of 7·97 cents. It might be a little higher.

Q. Perhaps I put it a little strongly. Then at that rate, 75 cents per 100 pounds would not be much greater than 6·379 per cubic foot, looking now at the ironing boards.—A. Of course with wood pulleys you have a very much heavier commodity than you do with the wooden ironing boards; they might very much lighter; so the relative weight and measurement will not be the same either.

Q. Could you give any idea?—A. No, I have not the slightest idea.

Q. As to the ironing boards?—A. I could not estimate it.

Q. You could not estimate that, and all you can say is that the 40 cents a cubic foot rate would not apply?—A. That is true. That is, if any movement was offered the steamship lines, we certainly would not expect 40 cents a cubic foot. We know the traffic would not stand any such rate.

Q. And analogous commodities are?—A. Analogous commodities are already rated in the tariffs moving. I might mention washboards as another.

Q. Let us see. I think the other item was wooden spoons?—A. Wooden spoons are the same.

Q. It is shown in other commodities at 6 cents per cubic foot?—A. He showed it at 6 cents per cubic foot, but I make the rate 7·9 per cubic foot. The same thing applies there. We were applied to not long ago for a rate on wooden berry boxes, which would be a somewhat similar thing, and we made a special rate of 75 cents there, and you know we would have to fill up the ship with them to get a ton. We realized that they could not stand a high measurement rate, so we made the rate 75 cents per hundred pounds, and similarly for wooden spoons.

Q. It would not be much good, to be loaded up with berry boxes?—A. No.

Q. I understand you have made a careful check of your manifests for the last 18 months, and that you have failed to find any of these commodities moving?—A. No, Mr. Flintoft, we have only gone over our manifests for 1924; we had not time to go over the 18 months.

Q. Have you gone over them for the first four months of 1925, or up to the present?—A. No, we only did 1924, and I am pretty sure that none of these articles have been shipped in 1924 or 1925.

Q. Have you ever had any requests for rates on them?—A. No.
Q. Were any of these commodities moving?—A. Not that I am aware of.
Q. Or offering?—A. Not that I know of.
Q. Not that you can find any record of?—A. That is correct.

By the Chairman:

Q. If they were offering in any considerable quantities, would you recollect them?—A. I think I would, and I think if they were offered in small quantities I would recollect it having been passed upon in Conference.

By Mr. Flintoft:

Q. And if they were offering in any commercial volume at all, they would be given treatment in accordance with the analogous articles?—A. Yes, that is so. I might explain that a great many of these articles shown here are shipped in very large volume from the United States and through United States ports.

Q. These commodities you are speaking of?—A. The commodities I am speaking of, undoubtedly, that is the reason they were given prominence in the rate lists of 1914, because at that time the Grand Trunk people were catering largely for traffic from Chicago.

By the Chairman:

Q. The Grand Trunk is doing that yet?—A. Yes. They are both doing it, both companies. Take glucose, lubricating oils, starch, and all that sort of thing, they are all manufactured in the Western States.

By Mr. Flintoft:

Q. Have you anything further to say about Mr. Brown's list?—A. Well, Mr. Brown mentioned also a rate of 25 cents per hundred pounds on linseed oil cake. That is the rate shown in the list. I may say that the only two exporters of linseed oil cake from Canada that we are aware of are the Dominion and the Canada Linseed Oil Mills, and we offered them a rate as low as 18 cents as far back as February, in our efforts to get them to develop some business, but they claimed at the time that they could not do any business with the United Kingdom, not on account of the rate on freight but on account of their having sold most of their stuff to Rotterdam.

Q. Then, Mr. Marlow, a suggestion was made by Sir William Petersen that tramp vessels were excluded, or at least were prejudiced by having to get out of the way of the liner vessels in Montreal harbour. Is that the fact?—A. No, that is not correct. As I understand it—in fact I know it—the Harbour Master in Montreal has absolute power in placing a tramp vessel for grain at a berth, and if any liner berth is unoccupied at the time, the Harbour Master places her in there, if he considers it convenient to do so. Besides that there are, I would think, three or four berths at Windmill Point, and I think now there are four or five more berths in the eastern part of the harbour, where tamps can get grain, and which are not general cargo berths at all. They were specially constructed to invite the tramp into the port of Montreal.

Now, as regards the position of the tramp at a liner berth, at times they have been there at the inconvenience of the liner vessel; for instance, take our own berths No. 7 and No. 9, they are on one side of the King Edward pier. If we are loading a vessel at No. 7, and a tramp has come into No. 9, we have only the use of one grain belt through the conveyor to our ship, as against two if we had our own vessel there, for the reason that the tramp is using one of the two belts. It frequently happens, particularly with the passenger steamer, that if we could use the two belts we could finish and avoid overtime at night,

but with the use of the one belt only, the tramp steamer using the other, we are compelled to pay overtime, and to that extent we do know of and have had cases where our liner vessel has been inconvenienced to accommodate a tramp.

By the Chairman:

Q. In other words, is it your submission, Mr. Marlow, that the Harbour Master is impartial and fair as between both the tramps and the Conference liners?—A. Absolutely.

Mr. SYMINGTON, K.C.: He is speaking of grain.

The WITNESS: In fact I think the Harbour Master's anxiety is, to develop the tramp business in the port.

By the Chairman:

Q. He wants to develop all business in the port?—A. Well, we have felt otherwise, because of the fact that the tramp is not taxed at all in the same way we are. Of course if he uses the shed he pays us a nominal rental of $100 a day I think, but if he does not use the shed except to load alongside of it, he pays nothing.

By Hon. Mr. Stevens:

Q. If he uses the shed for package freight, he pays you?—A. Yes.

Q. Otherwise he does not pay you?—A. Otherwise he does not pay us, therefore we feel that we pay more than our share in the port of Montreal, particularly as the established lines are the real life of the port. We are there in season and out of season, while the tramp comes if it pays him to come.

By Mr. Shaw:

Q. Do you say $100 a day is a nominal charge, Mr. Marlow?—A. I think it is.

Mr. SYMINGTON, K.C.: It is in the steamship business.

The WITNESS: It would not appear to be very large, if you would consider the rentals that are charged elsewhere.

By Mr. Flintoft:

Q. That $100 a day as I understand it is under an agreement with the Harbour Commission, and is a reciprocal charge as between the liners?—A. That is so.

Q. If they have to tie up at each other's berths, they do the same?—A. Yes. If we go into a Cunard liner's berth, we pay them $100 a day, and if they go into ours, they pay us the same amount.

Q. I understand, Mr. Marlow, that if the tramps use the shed merely for passing through lumber or fitting they are not charged that?—A. No, they do not charge anything.

Q. A suggestion was made by Sir William that no broker could live in Montreal except by the grace of the Conference lines; is that in accordance with the facts, or is there any foundation for such a suggestion?—A. No. I was astonished at the statement made by Sir William, because we have several firms in Montreal now, brokerage firms, who are handling ships.

By the Chairman:

Q. Handling what sort of ships?—A. Well, grain vessels.

Q. Tramp ships?—A. Tramp ships, and I know of one firm who have even gone so far as to charter a tramp and solicit various shippers for parcels to make up a shipload.

By Hon. Mr. Stevens:

Q. That is, chartered on speculation?—A. Chartered on speculation.

By Mr. Flintoft:

Q. Have they been successful?—A. Yes, very.

Q. As far as you know, has there been any interference with their business? A.—I cannot see how there could be any interference. What interference could we make?

By the Chairman:

Q. There is no reason why we should not know who this firm is?—A. Thomas Harling and Son.

Hon. Mr. STEVENS: I know Mr. Harling very well, he is a very able man.

By Hon. Mr. Stevens:

Q. Is he a general ship broker?—A. Yes; he has been established in Montreal for years.

By Sir Eugene Fiset:

Q. Does he do business with the Conference lines as well?—A. He does business with us at times; he has done business with Conference lines, and I have done business with that firm.

Mr. BLACK: He does business with everybody; he is a very energetic man.

By Mr. Flintoft:

Q. They do not refuse to do business with Mr. Harling because he is doing business with outside lines?—A. Absolutely no.

Q. Do you pay any brokerage fees, Mr. Marlow, in the Canadian trade? —A. None except on cattle; that is the only one I know. You mean when we are applied to by a commission broker?

Mr. SYMINGTON, K.C.: If they do business with Harling and Company.

By Mr. Flintoft:

Q. You will take business from anybody, I suppose, who comes to you?—A. Yes.

Q. And you do not pay any brokerage commission?—A. I understand they do make an exception on cattle.

By the Chairman:

Q. What about Mr. Harling?—A. If he had anything to do with us, he would come to us the same as any other shipper.

Q. And if he wanted any remuneration?—A. If he wanted any remuneration he would have to look to the shippers.

By the Chairman:

Q. Have you any other brokers there who work on the same basis?—A. There are other brokers in Montreal doing a similar business, and they rely for remuneration for their services upon the shipper.

Sir EUGENE FISET: That is not exactly what he meant; he meant that a broker established in the city of Montreal must have no relation or business whatever with Conference lines, and that the brokers do not exist. That is what he said.

Mr. FLINTOFT: That was not my impression, Sir Eugene.

Sir EUGENE FISET: Well, it was mine.

Mr. FLINTOFT: My impression was that Sir William implied that no man could live there.

The CHAIRMAN: I will ask Mr. Marlow the same question I asked Sir William Petersen.

By the Chairman:

Q. Could a young man who wanted to start out in the ship broker business at Montreal do so with any reasonable chance of success, under present conditions?

Sir EUGENE FISET: Apart from Conference lines.

By the Chairman:

Q. A broker who does not deal with the Conference?—A. Most decidedly, sir. There is nothing to prevent his doing business, and so far as the Conference lines are concerned, take our own line, we are doing business with the same people who are employing tramps to move their grain. They might have a tramp at a berth one week, and may take parcels next week or the same week. We do not ask questions, whether they have a tramp or not; we are glad to get their business, and they make their rates irrespective of anything we do.

By Mr. Flintoft:

Q. The suggestion was made that any difficulty arises from the fact that the chartering market is in New York. What is the situation in regard to that; has that anything to do with the steamship line?—A. No. There are two main charter markets; one is the Baltic Exchange in London, the other is the New York Exchange. Business with grain is mostly done in the Montreal Exchange. The reason for that is that they are the two largest centres in the world; the business has grown up and has been established there, and no one that I know of could change that state of affairs.

Q. Well, is Montreal in any different position from, we will say, Baltimore, Philadelphia or Boston?—A. Absolutely not. The majority of charters made at Baltimore, Boston, Philadelphia or Newport News or any of the ports, are made in New York, but a lot of them are made on the Baltic Exchange.

Q. A great many of the charters on this side—A. Are made on the Baltic Exchange.

Q. Some ships do not come out—?—A. Some ships do not come out unless they get their position. Other ships, whose owners are on the other side, will come out to Hampton Roads, and probably be in that position, and will be chartered in London. Their position is known on the other side.

Q. As far as the Conference lines are concerned they have nothing to do with that arrangement?—A. Absolutely not. In fact, we never concern ourselves with it.

Q. Then, Mr. Marlow, there is just one other point: Sir William suggested that the one-cabin ship of the present time was not the boat for handling the traffic into the St. Lawrence?—A. Well, I do not agree with Sir William in that statement.

Q. He spoke of the *Aurania*—A. The *Aurania,* our *Mont*—boats such as the *Montcalm,* the *Montclare,* and the *Montrose,* the *Letitia,* of the Anchor-Donaldson Line, the *Doric* and the *Regina* are the evolution of experience on the St. Lawrence as to the best combined type of passenger and freight boats, suitable to the trade, and they have been built with that end in view.

Q. Built exclusively for the Canadian trade?—A. As a matter of fact, I think I am correct in stating—and Major Curry can contradict me—that they had their designers and engineers and everybody out here on their earlier boats to study the routes and conditions, before the *Doric* and the *Regina* were built. Is that right, Major?

Major CURRY: That is quite right.

By Mr. Flintoft:

Q. The one-cabin ship, as designed for the St. Lawrence, is proving a very desirable ship—A. It is thought to be an economical passenger ship, and a fairly good freight ship.

Hon. Mr. STEVENS: Mr. Flintoft, may we go back to these tramp steamers for a moment?

Mr. FLINTOFT: Yes, certainly.

Hon. Mr. STEVENS: I want to ask Mr. Marlow a few questions about them.

By Hon. Mr. Stevens:

Q. Mr. Marlow, I have here the *Montreal Gazette* for Tuesday, June 2, and in the shipping section there is a long list of sailings, etc. Now, under the heading "Vessels in port" will you tell me if you can, the character of some of these vessels, for instance, the *Aspasia Stavroudi*?—A. That is probably a grain tramp.

Q. That is by Thomas Harling?—A. It is probably a grain tramp.

Q. Now, another by Thomas Harling, the *Glenmoor*?—A. That is probably the same.

Q. Another one, the *Adamello,* by Thomas Harling?—A. That is probably the same thing.

Q. Another one by Thomas Harling, the *Lavenzia*?—A. That is probably a grain tramp.

Q. The *Hillbrook,* by Thomas Harling, shed 41?—A. That would be the same thing; I think these would all be grain tramps.

Q. This is only one day's publication, and there are five by Thomas Harling, the general brokers?—A. That is right.

Q. Are any of these liners, do you know?—A. No, they are not.

Q. Now, let us see a few more. We have here the *Karlsvik,* by Robert Reford & Company. Would that be liner?—A. That is a tramp.

Q. A tramp chartered by Robert Reford?—A. Not chartered by Robert Reford, Mr. Stevens, but in the hands of Robert Reford as agents for the owners.

Q. And here is another by Thomas Harling, the *Ingola*?—A. That is probably a tramp.

Q. Then there are several by the Canadian Government Merchant Marine. Now, here is the *Bergsdalen,* by McLean. Is McLean another broker?—A. Is that not McLean Kennedy ?

Q. Oh, yes, McLean Kennedy.—A. That would probably be a tramp, assigned to them, the same as the Robert Reford Company, as agents.

Q. The Clarke Steamship Company—are they brokers?—A. I do not know the Clarke Steamships. I am informed that is in the Gulf of St. Lawrence.

Sir EUGENE FISET: Going through the Bay of Gaspe—

The CHAIRMAN: And stopping at Rimouski.

By Hon. Mr. Stevens:

Q. Then the *Texas,* is she a tramp or a liner?—A. She would be a tramp.

Q. Here is a long list, I will not read them—A. There are times when there have been 40 and more in port.

Q. And here is another by Thomas Harling, the *Andreas.* I think that makes seven for one broker?—A. Yes.

Q. Is J. F. Whitney a broker?—A. Yes.

Q. Is he a victim of the liners?—A. I do not think he has been much of a victim. They came up from New York and bought out the business of T. F. McCarthy, and have made a success of it. He was asked to pay a good price for it, too.

By the Chairman:

Q. Is it a branch of a New York house?—A. Yes.

Hon. Mr. Stevens: These are for one day, Mr. Chairman. I just refer to them for the purpose, if we can, of getting the facts regarding this so-called slaughtering of independent agents by liners. I do not want to pursue that any farther.

Sir Eugene Fiset: I do not think it proves anything, for the reason that all the firms you mentioned existed before the Conference was ever established, and they had to be taken into consideration by the Conference, and they operate both for the Conference and the others. That is not the case Sir William had in mind.

Hon. Mr. Stevens: Sir William said there were no independent brokers at all. He said it was impossible for them to live.

The Chairman: We have heard Sir William, and have heard Mr. Marlow, and will weigh the evidence. Have you any further questions, Mr. Flintoft?

By Mr. Flintoft:

Q. As I understand it, Mr. Marlow, speaking of the one-cabin ship, relatively their capacity for cargo is greater than the ordinary first-class passenger boat?—A. That is right.

Q. And she has been developed as a most economical type of ship——A. For the St. Lawrence trade.

Q. The suggestion that a ship like the *Regina*, for instance, which has been christened with a Canadian name, was built originally for the United States trade, and then converted to the Canadian trade, has no foundation?—A. No, I think not.

Mr. Symington, K.C.: Where is that suggestion?

Mr. Flintoft: I am speaking of the *Regina*, as one type of ship. Take the *Aurania*, she is typical.

Mr. Symington, K.C.; Yes, take the *Aurania* as typical.

Mr. Flintoft: So is the *Regina*.

By Mr. Symington, K.C.:

Q. Mr. Marlow, as I understand it, you now say that these weekly lists which were prepared by the Canadian Pacific in connection with their sailings, and by the Grand Trunk in connection with some of their sailings, and which had some sailings in connection with the other lines, were not correct, and, therefore, Mr. Brown's figures were wrong?—A. They were not reliable at the time.

Q. Although it was your company which issued them?—A. That is right, but they are always issued, if my recollection is correct, with the words "subject to confirmation of rates and space."

Mr. Symington, K.C.: We had them, and they had the words "Subject to change without notice."

Mr. Montgomery, K.C.: The other words may have been there too.

By Mr. Symington, K.C.:

Q. The Canadian Manufacturers' Association are pretty careful people, are they not?—We have not found them to be in connection with ocean rates.

Q. In any event, they relied, with respect to the 1914 rates, upon the documents published by the Canadian Pacific and the Grand Trunk?—A. Yes. I think probably the word "rely" is too strong. I think they were simply recording these rates.

Q. But I mean in drawing their schedule.

Mr. FLINTOFT: I do not know whether that was the Canadian Pacific list. It was only the Grand Trunk.

Mr. SYMINGTON, K.C.: He has several of them. Say the Grand Trunk. He has the 1925 list. He wrote your agent in Toronto for these rates. Your agent did not know them.

Mr. FLINTOFT: On some of the commodities our agent supplied, it did not appear in his.

Mr. SYMINGTON, K.C.: No, the rate your agent supplied is shown differently on his.

The WITNESS: I am not certain about that.

By Mr. Symington, K.C.:

Q. Have you got the letter from your agent there?—A. Yes.

Q. We might have it in.—A. Do you want the list of rates?

Q. I think whatever information they furnished Mr. Brown. Did you notify Mr. Brown?—A. Yes; he knows. I read out the telegram to him, with his reply. Here is the reply.

Mr. FLINTOFT: I might say that Mr. Brown is willing to attend again and explain the situation, but we did not think it was worth the expense to bring him down here. We can bring him tomorrow.

By Mr. Symington, K.C.:

Q. Let us have the letter.—A. Here is the acknowledgement of it. Here is Mr. Brown's letter. It will make it complete.

Q. Yes. Complete the file. You file, Mr. Marlow, letter dated December 30, 1924, addressed to J. A. Morice, Foreign Freight Agent, Canadian Pacific Railway, Toronto, which reads as follows:—

EXHIBIT No. 96.—Letter from S. B. Brown to J. A. Morice, re prevailing ocean rates on commodities from West St. John to United Kingdom ports.

TORONTO, ONT., December 30, 1924.

J. A. MORICE, Esq.,
Foreign Freight Agent, Canadian Pacific Railway,
Toronto, Ont.

Ocean Rates—General.

DEAR SIR:—If consistent. I should like very much to obtain the prevailing ocean rates on the commodities listed on the attached statement from West St. John to United Kingdom ports. I am endeavouring to bring up to date certain data which I had previously prepared in this connection, and would appreciate it if you could kindly arrange to let me have the present rates on the commodities mentioned, or such of them as may be readily available.

"Yours faithfully,

"(sgd) S. B. BROWN,
Manager—Transportion Department."

To which was attached the list?—A. That is right.

Q. To which you replied on January thirteenth, I mean your Foreign Freight Agent, at Toronto, replied, as follows:—

January 13, 1925.

18561

The Canadian Manufacturers Ass'n,
Bank of Hamilton Bldg.,
Toronto, Ont.

Attention Transportation Dept.

GENTLEMEN:—As requested in yours of December 30 I am pleased to attach for your information statement of ocean rates on several commodities from West St. John to United Kingdom ports, and to Havre, France.

These are the present rates and are subject to change without notice.

Yours truly,

Foreign Freight Agent.

There is attached to this a schedule of rates, which schedule, Mr. Brown, where he used the commodity, has used it in his schedule?—A. Yes, as far as I know.

By the Chairman:

Q. Is your answer 'yes"?—A. Yes, as far as I know.

The CHAIRMAN: Do you want these put in, Mr. Symington?

Mr. SYMINGTON: Yes, I think so.

The CHAIRMAN: Put them in as exhibits.

They are filed as Exhibit No. 96.

By Mr. Symington, K.C.:

Q. Now, you have suggested that he had taken a cubic foot basis, whereas they are now on a one hundred pound basis, as a reason for the discrepancy. If you will look at Exhibit No. 80, you will find the character of the commodities which are not compared; that is, the rates are given?—A. Yes, that is right.

Q. And he was asked why all that was necessary, at page 791.

"Q. Why have you omitted some, supplied the one and not the others?—A. Because the rate that we found in these cards of 1914, were per cubic foot, whereas now they are on the hundred pound basis, and it was difficult, very difficult in fact, to work that out.

Q. So that is the reason there are no vacancies in your percentage of increase column?—A. Yes.

Q. It was so difficult in working that out, because of the fact?—A. Yes, we had no knowledge of the weight per cubic foot of these articles," so that cannot be the explanation?—A. The explanation of what?

Q. Of the discrepancies you claim?—A. No, it is not. I will show you one explanation right here. The tariff is here. Take handles, for instance: It shows, for handles, six cents a cubic foot. Here are handles, right in the tariff, specified. Now, what I say is that he did not have this tariff before him, but he took the general cargo rates in that rate list of handles. That is the one that was in effect at the time. He took, you remember, February, and this is dated January 13.

Q. Is this the Conference tariff?—A. Yes.

Q. Nobody had this but the Conference and their members?—A. That is right.

Q. In those days, as you pointed out, the railways did publish rates?—A. In both letters that you have there he seems to have extracted the form in that letter to Mr. Morice, where he has the heading.

Q. You do not publish them any more?—A. No.

Q. Why?—A. Because there are so many commodities; the commodities are so varied and the changes are so varied, to-day, that we find it impracticable.

Q. There are lots of important commodities, are there not, Mr. Marlow, which you might publish?—A. So far as commodities are concerned they know exactly what the rates are.

Q. The tariffs now are all marked "private and confidential," are they not?—A. That was brought out.

Q. That is so.—A. Yes.

Q. Is that the reason you do not publish them now?—A. I do not know if that is the reason, but we do not publish them for the reasons we marked them "private and confidential."

By Mr. Shaw:

Q. Have you any objection to these being published, Mr. Marlow?—A. I can only speak for myself in that regard. Personally I see no objection.

By Mr. Symington, K.C.:

Q. But these were rates of the Conference?—A. Yes, these were rates of the Conference.

By Mr. Flintoft:

Q. As a matter of fact, interested shippers all have them too?—A. Absolutely. No, they have not.

Q. They have not?—A. No.

Q. Do they not know the rate?—A. They know the rate but they have not the tariffs.

Q. They have the rate they are interested in?—A. Yes.

The CHAIRMAN: They have to or they will not know what to pay.

Mr. FLINTOFT: Certainly.

By Mr. Symington, K.C.:

Q. Whatever criticisms you have to make of Mr. Brown's statements, which he put in, are contained in this exhibit that you have now filed?—A. That is right. No, I have not got the exhibit. You have filed it.

Q. Mr. Flintoft has it.

The CHAIRMAN: Has it been produced?

Q. Mr. FLINTOFT: It should be filed.

Mr. SYMINGTON, K.C.: They handed it to me and they said "we will put it in."

The CHAIRMAN: He has not put it in yet.

Mr. FLINTOFT: I asked him in his examination to do so and I thought he had.

The CHAIRMAN: Are the telegrams to be produced?

Mr. FLINTOFT: Yes, the original telegrams; put the whole thing in. You had better mark it as an exhibit.

The CHAIRMAN: Put the telegrams together. Do you think we should put in the London compilation of January 15, 1914.

The WITNESS: I have no objection, if they want it in.

The CHAIRMAN: We will print these.

EXHIBIT No. 97—Telegrams and statement *re* ocean freight rates.

Mr. FLINTOFT: As Mr. Brown's list is printed—

The CHAIRMAN: I have just ordered that. That is only fair.

By Mr. Symington, K.C.:

Q. In connection with westbound rates on the tariff, which you have put in, they are on a measurement basis, are they not?—A. Yes, both measurement and weight. It depends on the commodity.

Q. It is very difficult to read from this book, or to arrive at what the rates are, to a layman's mind.—A. It depends on how the layman thinks. If he thinks only in weight, it is, but as he would have to, in shipping, if he could formulate in his mind what cubic measurements are, it is not.

Q. Without preparing the list of rates of commodities, so he would know what was going to be paid per hundred pounds, it would be difficult for him?—A. Yes, if you reduced it to a weight basis.

Q. But as a matter of fact the steamship companies and the railway companies do publish through rates from the Old Country upon commodities, in tariffs which are filed with the Board of Railway Commissioners?—A No. The Canadian Freight Association publishes it, a railway organization. The steamship lines are not parties to that tariff.

Q. I will put it this way. The Canadian Freight Association does publish through tariffs to points in Canada, giving the ocean and rail rates?—A. That is right.

Q. Which is the rate upon which the goods are carried?—A. That is right.

Q. So whatever is in these tariffs in respect to that carriage is correct?—A. That is true.

Q. Now, is that rate made up of the ocean rate, the Montreal rate plus the Montreal rail haul to destination?—A. Yes, it is made up on that basis. As a matter of fact, there is 20 per cent off the United Kingdom rates in the ocean proportion.

Q. That is the way you proportion it?—A. Yes.

By the Chairman:

Q. I did not grasp that; will you explain it? 20 per cent off what?—A. I had better give a little history of this, Mr. Symington, so that the Committee will understand it. Some years ago it was found very difficult to give an intelligible rate to a merchant in the Canadian west. If you quoted him a rate per cubic foot or per forty cubic feet, and told him that added to that was a rate per hundred pounds, he got a complex figure which he did not understand, and he never knew what it was going to cost him to lay down his goods in Winnipeg, Calgary, Edmonton, or wherever it may have been.

Q. Goods originating in— A. Britain and Europs. So that the Canadian Pacific conceived the idea of publishing a through tariff from British and European ports to the Canadian west, in cents per hundred pounds. To do that they had to take more or less an approximate ocean rate; that is, they had to convert on an average and approximate basis, a measurement rate into a weight rate, and to that add the rate from the seaboard in Canada to the west. Finally, we developed it into the addition of the ocean rate less 20 per cent—which the Conference lines were willing to concede as a proportion of this through rate on traffic destined to the far west, to the rate from Montreal. In that way, in respect of the movement via winter ports such as St. John, Halifax and Portland, the difference between these ports' rates and the rate from Montreal is absorbed by the railway. This through tariff, which has been produced, or which has come out of this process, is the tariff which now Mr. Symington is referring to.

By Sir Eugene Fiset:

Q. That is westbound?—A. Westbound.

By Mr. Symington, K.C.:

Q. Then, Mr. Marlow, as you know, I had prepared and I have had certified by the Railway Commission, a list of rates on commodities, taking ports in Great Britain, to Winnipeg, and comparing them. The Committee will understand, from Mr. Marlow's explanation, that I do not suggest for one moment that all the increase is ocean increase, because it is not. I show no percentages at all. There is an increase on rail plus the ocean increase, which shows the increases on these commodities, and I would like to file this statement.

Mr. FLINTOFT: How is that divided?

Mr. SYMINGTON, K.C.: We could not possibly divide it, because it was some internal arrangement.

Mr. FLINTOFT: I have no objection to filing that; in fact, I have a similar list prepared which shows the percentages of increases in the through rates. These are the published rates. How they arrive at them, as I understand it from Mr. Marlow's explanation, they take 20 per cent from the ocean rate, and the absorption of the rail rate from St. John to Montreal. That is, it is the same even though the boat goes to Montreal, as though it goes to St. John.

The WITNESS: Yes, that is the idea. I wanted to say that the idea was to conserve this traffic; in addition to giving the merchant a rate in cents per hundred pounds, which he would understand when he was buying his goods f.o.b. Liverpool or Bordeaux, and to induce this traffic to move by Canadian lines through Canadian ports.

Mr. SYMINGTON, K.C.: I would like to file this list; they can all go in as one exhibit.

The CHAIRMAN: I order them produced as Exhibit 98, and we will order them printed.

EXHIBIT 98: Statement showing carload commodity rates, cents per hundred pounds, from ports in Great Britain to Winnipeg. 1912 and various subsequent periods.

By Hon. Mr. Sinclair:

Q. Mr. Marlow, you shrink the ocean rate 20 per cent?—A. Yes.

Q. And you shrink the rail rate from the winter ports?

Mr. FLINTOFT: We make the Montreal basis apply to the winter ports.

Hon. Mr. SINCLAIR: And take the regular rail haul from Montreal. The Montreal rate applies to the Maritime ports in winter?

Mr. FLINTOFT: Yes.

Hon. Mr. SINCLAIR: Without any excess?

Mr. FLINTOFT: Yes. We shrink the rate to that extent.

Mr. SYMINGTON, K.C.: The railway company?

Mr. FLINTOFT: Yes.

Hon. Mr. STEVENS: I wanted to suggest, Mr. Chairman, that we should be very careful not to jeopardize the granting of through rates, ship and rail rates, by any comparison that we draw. I think we should be very careful not to get into the position of this Committee putting its stamp of approval upon any question of the establishment of rail and water rates.

Mr. FLINTOFT: As a matter of fact, this situation is manifestly in the interests of the importer in the Canadian west and was fully enquired into by the Board of Railway Commissioners only a year ago, in connection with a complaint by the Manitoba Liquor Commission, with which Mr. Symington had something to do.

The CHAIRMAN: Then we will pass on to another phase.

By Mr. Flintoft:

Q. If I may, I would like to read a short extract from that judgment in regard to those through rates, to give you an idea of the underlying principles that are accepted by the Board in connection with these things.

Mr. SYMINGTON, K.C.: Nobody is questioning the propriety of that.

The CHAIRMAN: It is all right.

Mr. FLINTOFT: Then I need not read it.

By Mr. Symington, K.C.:

Q. Mr. Marlow, I understand you are a freight traffic man?—A. That is right.

Q. Speaking of Sir William's criticism of a boat like the Urania, for instance; do you say it is good to have a 14,000 ton steamer with 6,000 capacity only?—A. If you are going to make her a combined passenger and cargo steamer, I do not see how you can increase that.

Q. You do not see how you can increase that; that is your view?—A. That is my view, yes. That is suitable for running to Montreal.

Q. Without what he terms his nurseries, gardens, gymnasiums and so on.—A. Well, there is a competitive feature there, Mr. Symington, and that is this: if you do not make your service attractive via Canadian ports, it is no trick to book via New York or Boston; you are just going to drive so much business out of the St. Lawrence, and these people travelling to and from Canadian ports are spending so much money as they pass through; you are just going to drive it away because you are offering an inferior as compared to a superior service.

Q. You are speaking of the passenger service?—A. The passenger service, yes.

Q. Now do you or do you not know of any delay to tramp steamers during loading?—A. Oh, yes, there have been delays.

Q. Do you know of them having to go out into the stream?—A. Yes.

Q. Because of the liners coming in?—A. No.

Q. Never knew of that?—A. No.

Q. Why would they have to go out then?—A. On account of the way the grain market has been going. I have known tramps to come into Montreal for grain, and the grain to be at the Bay port. The grain sold to go on that steamer has not yet left the Bay port.

Q. Do you know of any cases where the tramp has had to leave, awaiting the convenience of a liner?—A. No, I do not.

Q. Do you know of none?—A. No.

Q. Do you have to do with that end of it?—A. In a general way I have. We have a marine superintendent who looks after the operation.

Q. And the loading?—A. Yes. Of course I am working with him all the time.

Q. What facilities would a cargo liner, not a Conference liner, have there in the matter of getting freight?—A. He would have every facility I would think. Of course, if he has not established a regular service and applied, as we all do each year, to the Harbour Commissioners for our berthing facilities, he would have to take whatever berthing facilities were available, that the Harbour Commissioners could give him; but if he came at the beginning of a season, like we do, and applied to the Harbour Commissioners for berthing facilities, I would think they would have to give him the same consideration in proportion to his business as they give us. In the public interest I do not see how they could do otherwise.

Q. With respect to getting business, Mr. Marlow, take the case of some of these brokers you mentioned; take Thomas Harling; if he goes to you for

space what does he get?—A. He does not book very much. He has booked business with us but he is not a regular broker; he does some business on his own.

Q. With the tramps?—A. With the tramps.

Q. And that is grain business?—A. Yes, generally.

Q. And perhaps some lumber?—A. Yes, and probably some pulp.

Q. And that is the extent of it?—A. Yes.

Q. That is, there is not a single broker in Montreal, or agent, doing cargo space?—A. Oh, yes.

Q. Outside of Conference lines?—A. Oh, yes.

Q. Who, for instance?—A. Guy Toombs; Robinson & Climo; Harling & Co. I don't know whether Grace, Limited, are there yet. Another firm I think is Hamilton Fielding. They will have customers, exporters who are their customers, and come to us and book space for them.

Q. That is what I am getting at. They come to a Conference line to book space?—A. No, they go to any line.

Q. Are there any other lines running in there to get cargo?—A. There is none at the present time. But, for instance, Guy Toombs will book with a non-Conference line at Boston. That does not prejudice him in our eyes, and he has done so, and does regularly via New York.

Q. He must come to the Conference lines for all his space in Montreal, for mixed cargo.—A. Well, to all the regular ports, I don't think there is anything but Conference lines running. Of course the reason for that is, as you know, there was very little, comparatively, general cargo available in Montreal.

By Hon. Mr. Stevens:

Q. What proportion is general cargo?—A. Our actual proportion of grain carried last year on our steamers, a lot of them passenger steamers, was 55 per cent, of grain alone, and if you take the grain and flour combined, you get 67 or 68 per cent.

Q. Take the whole of it, tramp and passenger-cargo liners, what would be the percentage of all grain and flour?—A. I would say the grain would run probably 80 per cent. Perhaps more. That is if you count in the grain that goes on the tramps.

Q. That is the basis upon which you have got to calculate.

By Mr. Symington, K.C.:

Q. In your local cargo boats, do you know your percentage?—A. You mean independent of our fleet generally?

Q. Yes.—A. No, I have not taken that out. About our liner cargo boats, the percentage would be very much greater of grain, it would be more like 60 odd per cent.

Q. And in your total, liner-cargo and passenger-cargo?—A. No, taking the whole fleet combined it is 55 per cent.

Q. You have nothing else but passenger-cargo and liner-cargo?—A. No.

Q. That constitutes the whole fleet?—A. Yes.

By the Chairman:

Q. Now of the cargo that goes out of the port of Montreal in the shipping season, what percentage would be represented by grain and flour, to the best of your knowledge?—A. Well, I have not taken out any statistics but I would easily hazard from 80 to 90 per cent, if you take both grain and flour.

By Mr. Symington, K.C.:

Q. Supposing I wanted to ship something, how do I find out the rates?—A. You have tariff offices. You can go to a broker or come to us direct. So far as we are concerned we prefer that you should come to us, or to one of

our agents. If you were in Ottawa, you would go to our Ottawa agent; or in Toronto to the Toronto agent. At any station on our line, you can make application and a telegram would come to us.

Q. On your ocean rates?—A. Yes.

Q. And that is the way it is done?—A. Yes.

Q. He would not be as wrong as the Toronto agent, you could rely on that? —A. Well the Toronto agent would not do his business that way, except for a list such as required by the Canadian Manufacturers' Association. I think I am quite correct in saying—and Mr. Flintoft would bear me out in this—that they compile an awful lot of statistical matter in their Association, and they are continually asking for lists of this and lists of that, and I presume it was in that spirit that a letter was answered.

Q. He answered in a statistical spirit?—A. If there had been any shipper particularly wanting a ship, our man would have sent a solicitor to him.

Mr. FLINTOFT: Our man would have been on the street in five minutes. There is a difference there.

SIR HENRY DRAYTON: Mr. Chairman, before we adjourn, in connection with other witnesses, I have already said that Mr. Low will have to be called, to produce the original proposals of Sir William Petersen, and the modifications from time to time made. Then also the Deputy Minister of Trade and Commerce to produce all existing subsidy contracts, and returns made by the different contractors, showing the profits made, and the services given under the different subsidy contracts; and in particular, all subsidy contracts made with the Royal Mail Steam Packet Company, and all returns made by that company. I do not know when we can reach this, but those avenues of enquiry are important.

The CHAIRMAN: How many more witnesses have the steamship interests that they wish us to hear?

Mr. MCKENZIE: I think there are only two, Mr. Chairman. They will not be very long.

The CHAIRMAN: Can you finish with those this afternoon?

Mr. MCKENZIE:. Oh, yes.

The CHAIRMAN: Can we ask the Minister to come to us to-night?

Sir HENRY DRAYTON: I think we might have him and the Deputy this evening.

The CHAIRMAN: I am very anxious, and I am sure all the members of the Committee share this, to finish to-night.

The CHAIRMAN: Then I am going to ask the steamship people to have their witnesses here. I think, Mr. Symington, you are through with Sir William?

Mr. SYMINGTON, K.C.: Sir William has just asked me if he can go in for a few minutes, to clear up something Mr. Marlow has said. I do not know whether he can do it now.

The CHAIRMAN: We could give him a few minutes this afternoon, I should think. Sir Henry Drayton moves that we ask the Hon. Mr. Low to produce the original proposals of Sir William Petersen and modifications from time to time made, and that we also ask the Deputy Minister of Trade and Commerce to produce the existing subsidy contracts, and returns made by different contractors showing profits made in the service given under the different subsidy contracts, and in particular all subsidy contracts made with the Royal Mail Steam Packet Company, and all returns made by that company.

(Discussion followed.)

The CHAIRMAN: I will make this decision, which I trust will be acceptable to all. We will ask the Hon. Mr. Low to come and meet us to-night at our evening session, at half past eight o'clock, and we will ask him to produce the original proposals of Sir William Petersen, and any modifications of the same from time to time made, and we will ask the Deputy Minister of Trade and Commerce (Mr. O'Hara) to come before us to-night and have with him the subsidy contract made with the Royal Mail Steam Packet Company, and all returns made by that company in connection with that subsidy.

Sir EUGENE FISET: That is all right.

The CHAIRMAN: Is that satisfactory? If so, this Committee will stand adjourned until three o'clock this afternoon.

The Committee adjourned.

The Committee resumed at 3.00 o'clock p.m., the Chairman, Mr. McMaster, presiding.

The CHAIRMAN: Mr. Donald and Mr. McKenzie, will you just continue? —Was there something that Sir William wanted to clean up?

Mr. DONALD: I do not know, sir, exactly; I left him down at the hotel and he said he would follow me up in a minute or two.

The CHAIRMAN: Le us get on with something else, then, because we are anxious to proceed quickly.

Mr. MCKENZIE: It was suggested this morning that we had two witnesses, and I think we can commence with them now.

The CHAIRMAN: Who are they?

Mr. MCKENZIE: Mr. Wolfe is here; he is a marine engineer of Montreal.

WALTER CHARLES WOLFE, called and sworn.

By the Chairman:

Q. What is your name?—A. Walter Charles Wolfe.

Q. Where are you when you are at home, sir?—A. Montreal.

Q. What is your business?—A. Superintending engineer, Canadian Pacific Steamships, resident in Montreal.

The CHAIRMAN: Proceed, Mr. McKenzie.

By Mr. McKenzie:

Q. What is your occupation, Mr. Wolfe?—A. Superintending engineer, Canadian Pacific Steamships, resident in Montreal.

Q. How long have you been associated with marine matters?—A. About 23 years.

Q. About 23 years?—A. Yes.

Q. Have you in that time been the chief engineer of any of the ships trading from the port of Montreal or the port of Quebec?—A. The last was the *Empress of France*, at Quebec.

Q. Is that one of the largest ships trading in the St. Lawrence?—A. Yes.

The CHAIRMAN: He was chief engineer of the *Empress of France?*

Mr. MCKENZIE: Chief engineer of the *Empress of France?*

The WITNESS: That was before I was superintending engineer.

By the Chairman:

Q. What was the tonnage of the *Empress of France?*—A. About 24,000, I think; it was 20,000 to 24,000 tons.

Q. Dead weight?—A. Dead weight, around that figure, perhaps 25,000 tons.

The CHAIRMAN: I have put it from 24,000 to 25,000 tons dead weight.

Mr. MCKENZIE: Mr. Chairman, it was my intention to introduce the evidence of Mr. Wolfe as that of a practical man and an expert, if that meets with the approval of the Committee.

The CHAIRMAN: You have heard the definition of an expert, given by the farmer, "An ordinary man a long way from home."

Mr. MCKENZIE: I do not know whether Mr. Wolfe regards himself as a long way from home or not; he has been here long enough to make this his home.

By Mr. McKenzie:

Q. I understand that you inspected the *Rio Dorado?*—A. Yes.

Q. While it was at the port of Montreal?—A. Yes.

Q. You have also examined some of the evidence that has been given before this Committee?—A. Quite.

Q. Including the abstracts and also the logs of the *Rio Dorado?*—A. Yes.

By the Chairman:

Q. What is your answer to that?—A. Yes.

By Mr. McKenzie:

Q. A statement has been made that the *Rio Dorado* is more efficient than an ordinary, straight-sided ship, to the extent of something like 30 per cent. Have you any criticism to make of that statement?—A. It is not due to the corrugation, the whole of that; not by any means.

Q. Why do you say that?—A. In the first place, her draft was about 13 feet, coming out of here; under those conditions her corrugation could not have been in the water, so it would not have any effect, in so far as that is concerned.

Q. The lower portion of the corrugation was in the water?—A. I do not know her conditions with regard to corrugations, but her mean draft was 13 feet, so it could not be much in the water, if any. When I visited that ship, I found she was fitted with super-heated steam in the first place, and she was carrying the maximum temperature. That in itself will account for an economy of anything between 20 and 25 per cent in a new ship.

Q. In the saving of fuel?—A. In the saving of fuel, of 20 or 25 per cent, in the building of a new ship, installing it when she is being built. It does not give quite the same economy if you are running a ship that was using saturated steam, and then super-heated. The insulation of the ship has been carried to an exceptional degree. Quite a lot of money had been spent to conserve every little bit of heat possible to get the finest results. The forced draught installation for driving the air into the boilers is evidently a new arrangement, where the trunks are pocketed right up to the hottest space in the engine room, where the air blows into the fan. In this particular case the fans were trunked right up to the hottest part of the engine, and there getting a temperature of 150 degrees instead of 80 degrees, which would be normal; so there is an economy there. Further than that, the propeller is of exceptional design, a highly polished manganese propeller, which is not fitted in the ordinary tramp steamers. There is an increase in the speed, due to that, over cast-iron propeller. Of course the cost of it is much more than the cast-iron one.

By the Chairman:

Q. Just as a layman, I would think, if you could get an extra knot of speed from your boat it would be worth while putting a little more money in a propeller.—A. I am not giving these figures accurately, but it is around £70 for a cast-iron propeller, and it is about £2,000 for the bronze.

By Mr. Rinfret:

Q. Is not that liable to break?—A. No. All the better class of ships are fitted with manganese propellers to-day.

Q. May I ask you this question before you go along, because it has a bearing on the testimony. You say you visited the ship in an official capacity?—A. No; quite unofficially.

Q. How did you come in contact with all those facts which you are going to give us?—A. It is my business, such things as that.

Q. I mean, was it an ordinary visit to the ship or did you inspect it thoroughly?—A. How is that?

By the Chairman:

Q. Did you pay an ordinary visit to the ship or did you inspect it thoroughly?—A. I went down to see what I could.

Q. Did they let you see it or did you find it out by yourself?—A. I do not need to go around to the engine room to find out those things. My own practical knowledge tells me that.

By Mr. Rinfret:

Q. You went down to the ship and formed an opinion or did you make a thorough inspection of the ship?—A. Are you referring to the super-heating?

The CHAIRMAN: We are referring to everything you told us about.

The WITNESS: If you care to take super-heating—in the first place we have ships fitted with super-heating.

By Mr. Rinfret:

Q. Did you pay merely a casual visit to the ship or did you go down with the intention of visiting, to tell what you could about it?—A. With the intention of finding out what I could about it.

Q. Were you shown everything or did you find out by yourself?—A. No, I was with somebody.

By the Chairman:

Q. Whom were you with?—A. Must I mention it?

Q. I think so.—A. The chief engineer.

Q. The chief engineer showed you the ship?—A. Over the engine room.

By Hon. Mr. Stevens:

Q. Let me put it to you this way: You, as a marine engineer, met the marine engineer of the *Rio Dorado*?—A. Quite in a friendly way.

Q. And the two of you went over the ship, in which you were more or less interested, as a technical man?—A. Yes.

Q. I do not see anything wrong with that.—A. Yes. The chief engineer did not know why I went or anything else. I wanted the information myself, on the corrugated ship.

By Mr. Rinfret:

Q. I am not raising objection. I want to have some evidence in connection with it, if you have any.—A. The same as the Donaldson, I would go down to see the chief engineer of the Donaldson motor boat, when it comes here, to get the same information.

Q. Your purpose was to find out ordinary things and you went through it very carefully?—A. Very carefully, in the time at my disposal. I was not there quite three-quarters of an hour.

By the Chairman:

Q. I suppose a man of your experience could find out a good deal about a ship in three-quarters of an hour?—A. Yes, and you can find out a lot by yourself, without anyone knowing anything about it. They are quite different from the usual practice.

By Mr. Rinfret:

Q. Do you not think, if you were allowed, in an official capacity, to inspect a ship like that, that you could still form a stronger opinion about it?—A. No.

Q. You mean to infer that you say it all in that short space of time?—A. No, not all the ship. I am speaking particularly about her engine room.

Hon. Mr. STEVENS: He is telling us what he did see.

The WITNESS: I am telling you what I did see. There are lots of things I did not see in that time.

By Mr. Rinfret:

Q. My point is, that you went on board the ship, you spent three-quarters of an hour on board the ship and the people on board the ship made no effort to show you certain things, which perhaps escaped your attention, therefore we cannot accept your opinion as being final, in that short time?

Sir HENRY DRAYTON: He said the engineer showed it to him.

Hon. Mr. STEVENS: How would it be to let him tell us his opinion and we can size it up?

By Mr. Rinfret:

Q. If I could avail myself of the services of this gentleman, I would ask him to go on board again, in an official capacity.

The CHAIRMAN: The boat is not here now.

Mr. RINFRET: That is the only reason for the objection I wanted to make. He went down to the boat and saw the chief engineer, and the chief engineer and he spent three quarters of an hour looking at the different aspects of the boat, the propellor, and the motive power of the ship.

The WITNESS: The motive power principally. That is what I was interested in.

By Mr. McKenzie:

Q. As far as your inspection of the boat was concerned, did you have sufficient opportunity and time to obtain all the information you required, to come to some constructive opinion?—A. Quite.

Q. And you were with the chief engineer of the ship at that time?—A. Quite.

Q. I have no doubt you asked him all the questions you wished to, at that time?—A. Yes.

Q. And you received whatever answers you thought were necessary to your interrogatories?—A. Yes.

Q. In your business, have you had occasion to delve into the merits of super-heating?—A. Yes. Two or three of our lines are built, fitted with superheaters, and one, which is in port now, the *Minnedosa*, has been changed from saturated steam to superheated steam and she has made six voyages across the Atlantic under the superheating conditions, and the economy, we find there is,

20 per cent at least due to superheating, and that is what the manufacturers of superheating expect to get. They will guarantee you anything up to about ten—

Q. Who are the builders?—A. The North Eastern Marine Engineer Company. They are the same people who put the superheating into the *Rio Dorado*.

Q. What are their declarations with regard to economy?—A. I will just read from the North Eastern Marine Engineering Company's—

By the Chairman:

Q. Their pamphlet?—A. Their pamphlet and records of their ships which had been fitted.

Q. Is this the same company which installed superheating in the *Rio Dorado?*—A. Yes.

(Reads)

ECONOMY IN STEAM CONSUMPTION

> The reduction in steam consumption to be obtained by using superheated steam, instead of saturated steam, is 20 to 25 per cent, in the case of triple expansion engines working at about 180 pounds per square inch.

Those are the conditions of the *Rio Dorado*. She has triple expansion engine working at 180 pounds pressure.

> "The superheated steam temperature under these conditions would be about 600 degrees fahrenheit.
>
> Under similar conditions with turbines, the reduction in steam consumption will amount to 16 to 20 per cent."

There is also a paragraph here in regard to the maximum efficiency. I do not believe you want to hear that.

(Reads)

> "Marine practice is closely following the lead given by land practice and shipowners are recognizing that, to attain maximum economy in their vessels so as to allow them to be run profitably in the days of keen competition, they must be fitted with superheaters."

These are records in some other cases, where the gain in the boats have been 18 to 20 per cent, due to superheating alone, and our experience is identical with that, in our own company. The ships are in port and can be seen.

Q. She has triple expansion, highly efficient engines, of the most modern type, and care had been taken of everything in the engine room, to get the maximum efficiency out of the machinery.

By the Chairman:

Q. It was a Scotchman, who was the chief engineer?—A. Yes. I do not say he designed it though.

By Mr. McKenzie:

Q. Is this extraordinary or ordinary equipment in an ordinary cargo boat?—A. No. To-day, new ships are being fitted with it. It is not general, by any means.

Q. Not general?—A. No.

Q. Have you any idea how long it takes, or can this particular equipment be placed in any of the ships which we have plying in the St. Lawrence?—A. Yes, it would take around about five or six weeks to install it, that is, providing all the plans are ready, before they start on the job.

Q. With regard to the data that we have before us, in the logs and in the abstracts of the logs, what bearing would these have upon the construction of the ship?—A. I did not quite get that.

Q. What I want you to bring out is this. We have had the logs of the *Rio Dorado* before us; we have had the evidence of both the captain and engineer, and they have said that that is a representative voyage of the ship in question?—A. Quite.

Q. Now, what I want to find out—and I think it will be of interest to the Committee—is whether or not the construction of the ship has any bearing upon these figures, that is, with particular reference to the corrugation?—A. Well, I would not say that there was not a slight economy gained by the corrugation. What that is, no expert opinion of to-day has stated. There has been a lot of controversy over it but there is no expert opinion in Britain which has so far stated what is due to the corrugation, but in any case I would say it is not above nine per cent. There is a slight economy in the corrugation but it is very slight.

Q. Would you say that that could be established by the last trip out of the *Rio Darado?*—A. No.

Q. Why?—A. As I said before the ship was only drawing 13 feet of water, and the best part of that corrugation must have been out of the water.

By the Chairman:

Q. Excuse me: We have had evidence to the effect that the second bulge of the corrugation is almost as low, though not quite as low as the keel, so that even if the ship was drawing 13 feet, would not the lower two corrugations be pretty well submerged or entirely submerged?—A. No.

Q. As I understand it, the first corrugation is a little above the water line or about at the place of the water line. One says lower; the second corrugation is a certain distance below that, and my recollection was that the second corrugation gave out and almost made the ship a great deal broader on her bottom than she otherwise would be. That is my recollection.

By Mr. McKenzie:

Q. There is a photograph, which perhaps the witness can explain, as to just exactly what he means.—A. Yes, it must be above that, because to get to the bottom of the ship, you have your bilge keel, and that must clear first, and there must be three or four feet below that bilge keel and the commencement of the boat.

Q. Does that show both corrugations?—A. No. The greater part of the lower one is above the water.

By the Chairman:

Q. Your photograph shows the two corrugations?—A. Yes.

By Mr. McKenzie:

Q. Would you explain that to the Committee? Just show the photograph. Probably you had better stand up.—A. The photograph here shows the water, which is at the bottom of the lower corrugation.

By Hon. Mr. Sinclair:

Q. What condition is she in, loaded?—A. No, she is light.

By Mr. Rinfret:

Q. Does it go fully into the water?—A. It goes beyond the upper corrugation.

By Hon. Mr. Sinclair:

Q. Was the boat floating, in that photograph?—A. Yes.

The CHAIRMAN: There ought to be no question as to this; we should be able to get evidence to show exactly how much of the boat was submerged on her way out. She came out in ballast; the ballast may have been sufficiently heavy to have sunk her below the first corrugation.

Mr. SYMINGTON, K.C.: My instructions are that she had sufficient ballast.

The CHAIRMAN: The lower corrugation was altogether submerged?

Mr. SYMINGTON, K.C.: That was taken in the China Sea, after she was unloaded.

By the Chairman:

Q. Taking that for your assumption, Mr. Wolfe, that the lower corrugation was submerged, what effect would you say as an expert that would have on the speed and stability of the boat?—A. I do not see that that would have any effect on it at all. If that was effective, you would not need the other corrugation; if the lower was effective as it is you would not need any more.

By Sir Eugene Fiset:

Q. The second corrugation is used; the first corrugation is submerged, and the second is used for that purpose only as Sir William Petersen told us?—A. As I understand, it is the concave part of the corrugation that is the effective part. With reference to the water getting to the propeller, that is due to the one thing only; it cannot be both.

By Mr. Rinfret:

Q. You mean the second corrugation is not submerged?—A. No. It is submerged when the ship is loaded, but not when she is light.

By Mr. McKenzie:

Q. The evidence we have is that the ship was light coming out, in ballast, and as I understand it, when in ballast it would not submerge the first corrugation?

The CHAIRMAN: That is not the assumption I asked the witness to make. I asked the witness to make the assumption that the first or lower corrugation was submerged.

Mr. SYMINGTON, K.C.: Not only that, the boat came out with 3,100 tons of ballast, with coal and so on. She was submerged, I am instructed, to the lower corrugation. The space between the upper and the lower corrugation is exposed partly on the water.

The WITNESS: No. On a light draft of the ship, which is 13 feet, and that is the only thing I have as to her main draft coming out.

By the Chairman:

Q. Did the engineers give you that?—A. No, I got that on the indicator card which I understand was found in Mr. Robb's room, after the log was taken away. I have no knowledge of it other than that.

Mr. FLINTOFT: No, it was in the room here.

By the Chairman:

Q. Anyway, you say the indicator card showed what?—A. 13 feet, a 13-foot draft.

Q. Could you tell whether or not the corrugations would be exposed, or one of them?

Hon. Mr. SINCLAIR: If we want to get this information, Mr. Chairman, we should get it from the proper authorities. The owner of the boat is right here.

The CHAIRMAN: You are right, Mr. Sinclair.

By Mr. McKenzie:

Q. With a 13-foot draft, would it cover the first corrugation?—A. I think so; I cannot say definitely.

Mr. MCKENZIE: At any rate, Mr. Chairman, if we are to accept the evidence we have before us, that the concave corrugation is an important part as far as economy is concerned, it would seem to follow naturally that if every part was not submerged, the avoidance of dead water would not be accomplished.

The CHAIRMAN: Mr. Symintgon says his instructions are that she came out in ballast, that the ballast was sufficiently heavy to submerge the lower corrugation and the space between the lower and the upper corrugation. We will get that exactly, anyway. In any event, I understand the witness to say that he does not think the presence of these corrugations would amount to more than 9 per cent.

The WITNESS: Yes, under loaded conditions.

By the Chairman:

Q. Do I understand you, saying 9 per cent, to mean that it would reduce the coal consumption by 9 per cent?—A. No, sir, over all efficiency.

Q. What does over all efficiency mean in engineering?—A. It means taking everything into consideration. I suppose that takes in the cargo-carrying capacity of the ship, and the whole performance of the ship, everything included.

Q. We have 9 per cent for the corrugations, but that is an estimate?—A. That is an estimate, on my part.

By Hon. Mr. Sinclair:

Q. Have you had any experience yourself, Mr. Wolfe?—A. Not in corrugations, Mr. Sinclair. I made it clear before that there is no authority in the United Kingdom that will say exactly what the economy is.

Q. Is your estimate based upon any experience of your own?—A. Upon a corrugated ship?

Q. Yes.—A. I have had none.

By the Chairman:

Q. Why do you say 9 per cent?—A. Just from reading up the papers, the trials of ships; I do not think it could possibly be more than 9 per cent; some say 8, some say 12, some say one thing and some another.

Q. From your sizing up of the best opinion on the subject, the efficiency is increased about 9 per cent?—A. From the best information available.

Q. Then we have the benefit of superheating; that is how much?—A. That is from 20 to 25 per cent economy in fuel alone.

Q. That is pretty nearly the 30 per cent, is it not?—A. I don't know what that 30 per cent is.

Q. I understood Counsel said that evidence had been given to the effect that the *Rio Dorado* was 30 per cent more efficient than some other craft; you will correct me if I am wrong, because I do not want to put wrongful words or incorrect words in your mouth. If the general efficiency is increased by 9 per cent, and the fuel consumption is decreased from 20 to 25 per per cent by superheating, then the economy of operation would be pretty nearly

made up, would it not? Perhaps you meant that the 30 per cent increase over boats not having these improvements might not be out of the way?—A. That does not follow, sir. What speed are you referring to?

Mr. MONTGOMERY, K.C.: The witness said it might not be attributed to the superheating, that other boats were not superheated, and they got the same results.

Mr. SYMINGTON, K.C.: Quite so.

The CHAIRMAN: I was just getting this witness' summing up of the situation.

By Mr. McKenzie:

Q. Sir William Petersen's evidence was that it was entirely attributable to the corrugation, not the superheating.—A. Was that regarding the corrugation and the construction of the ship?

By Mr. Rinfret:

Q. He was taking into consideration the cost of the ship, the superheating, and the propellers?—A. It would be increased, as far as the efficiency of the machinery is concerned, and the like of that, but I could not tell you what the cost of the ship was, Sir William Peterson could tell you that.

Q. You would not know how much it would cost to build a ship of this description?—A. I could not say that.

By Mr McKenzie:

Q. We have it in evidence here that this ship was known (the Rio Dorado) as non-rolling. Have you any criticism to make of that statement, in other words, that she does not roll?—A. On one page of the log book I find an entry that the ship was rolling.

Q. There is an entry in the log book?—A. Yes, "vessel rolling."

By Hon. Mr Sinclair:

Q. What kind of weather would it be then?—A. There was a beam wind, a rough sea, and the vessel rolling.

Mr. SYMINGTON, K.C.: That is a comparative term.

The WITNESS: The weather must have been very mild, because the slip is 10 per cent, which is normal.

By Hon. Mr Sinclair:

Q. The evidence is that there is very little slip, on these boats?—A. That would not be entered in the log book, as it is not entered on the other days.

By Mr McKenzie:

Q. What does the record show, as to the slip?—A. 10 per cent, on that particular day.

Q. And the average?—A. That is an average; sometimes it is lower than that.

Q. What is the maximum; I think that is shown?—A. The average for the voyage, on this particular voyage, is 10·9; the maximum is 21·2, the maximum slip.

By Hon. Mr. Stevens:

Q. What are you reading from, Mr. Wolfe?—A. A copy of the engine room log book.

Mr. MCKENZIE: Mr. Chairman, the Exhibit is at page 693, Exhibit 76. In about the third or fourth last column, it gives the percentage slip.

By Mr. McKenzie:

Q. So unquestionably there was rolling and slip, as far as the ship was concerned, Mr. Wolfe?—A. Yes. I have seen it 8, I have seen it 7, and I have seen it 6.

By Hon. Mr Sinclair:

Q. What page in the log book is it?—A. It is on the page May 4th; that is the abstract. It shows it there; it shows the engines racing and the ship rolling.

The CHAIRMAN: Of course it would be a very remarkable thing if a ship was coming across the Atlantic in ballast and she met with a fresh wind and a cross sea, if she did not roll.

Mr. MONTGOMERY, K.C.: He said it was non-rolling, anyway, Mr. Chairman.

Mr. MCKENZIE: The same interest applies, Mr. Chairman, to the question of slip. You will notice in the Captain's statement, at page 667, he said the ship does not slip, in other words there is no slip. I think that should be of interest to the Committee, in contradiction of the evidence submitted by the Captain.

The CHAIRMAN: May I submit another question to Mr. Wolfe?

By the Chairman:

Q. What effect, if any, do you think the corrugations have on the stability of the ship?—A. What do I think.

Q. What effect, if any, in your opinion of course, do corrugations have upon the stability of the ship?—A. I don't think they would have any effect.

By Mr McKenzie:

Q. With regard to the repairs, we have it in evidence, in the Captain's statement of the *Rio Dorado,* that there were practically no repairs. That is at page 664. In your examination of the records of that ship, what would your comment be in regard to repairs, Mr. Wolfe?—A. I notice some entries in the log books regarding some cast iron pipes being damaged; and breaking of one of the valves of the boilers; and one or two other little items, which are quite usual in some ships.

By the Chairman:

Q. Would those be repairs that the engineer's crew would be able to make themselves while the boat was sailing?—A. No.

Q. Or would they be repairs which would have to be effected when the boat got to port?—A. It is a very unusual thing to see a cast iron bilge pipe broken. It must be some strain that came on it to break a cast iron pipe. Some tension strain came on it. That is not usual.

By Mr. McKenzie:

Q. As an expert, to what would you attribute that breaking of the pipes you have mentioned?—A. It looks very much to me as though there were some strain coming on those pipes.

Q. We have it in evidence that there is practically no strain, due to the non-rolling quality of the ship.—A. A cast iron pipe is not likely to break in compression, so it must be a pull on it that broke it. That points to a strain. Those pipes are clipped to the limbers along the bilge, from one end to the other. So there must have been strain.

By Mr. Symington, K.C.:

Q. What voyage is that you are speaking of?—A. It is entered on May 11, in the logbook of the *Rio Dorado.*

By Mr. Sinclair;

Q. Voyage number?—A. I don't know what voyage number it is.

By the Chairman:

Q. I was told in Montreal the other day that when a ship goes to sea new there has to be as a rule a good many things done, generally effected by the engineer's crew, while the ship is finding its way, while the engines are "running in" I think is the proper term. Is that so?—A. I can give my experience of ships building in the yards. In Glasgow I have seen parts of the machinery repaired before they leave the builder's yard. Auxiliary pumps and things of that sort sent ashore through fair wear and tear; they have been working probably eight or nine months before the ship comes out of the builder's hands, and the minute the ship starts there is always repairs whenever there is machinery running.

Q. I was told the repairs would be somewhat numerous, although perhaps not important, when a ship began her career?—A. At any time there is as much as perhaps from four to twenty-five engineers working, according to what the ship can do in the port, and sometimes you may have to give them assistance.

By Mr. McKenzie:

Q. I would submit, Mr. Chairman, that is generally accepted, but in the captain's evidence, the question was asked by Mr. Symington at page 664:

"But there are running repairs all the time, are there not, on a ship? —A. Well, on some ships, but not on these corrugated ships."

So the only interest we have in introducing Mr. Wolfe's evidence is to contradict statements such as those.—A. There is another entry in the chief officer's log-book which states that the cargo was damaged in the holds. I will find what date it was.

Q. Would you look up that evidence, Mr. Wolfe, please?—A. Yes.

Mr. RINFRET: The answer was that no repairs were incurred at the time.

Mr. MCKENZIE: She was on a 25,000 mile voyage, I understand, Mr. Rinfret.

Mr. SYMINGTON, K.C.: Yes, and he gave us the repairs he had later in his evidence, that he had on that trip so many pounds. He froze those pipes in Vladivostock.

Mr. MCKENZIE: I am referring to this last trip, not the Vladivostock trip.

By Sir Eugene Fiset:

Q. What was the approximate cost of those repairs?—A. I did not see the pipes, sir, I cannot tell you. I don't know whether they were four, five, or six inch pipes, nor how long it was. It may have been a short pipe, or a pipe fifteen feet long. There would have to be a new pipe made, being a cast iron pipe.

By Mr. McKenzie:

Q. In your examination of the records, Mr. Wolfe, are you quite through on that?—A. Well, in the chief officer's logbook, at 3.45 on Wednesday, April 22, while the ship was in Hull, there is an account of damaged cargo in the bottom of Number 4 hold. On the next day, 9 a.m., the surveyors were on board surveying it. That indicates another repair necessary there, and in the engineer's logbook he says the ballast is leaking, and he is pumping the ballast donkey on No. 3 hold for three or four consecutive days.

Q. What days are those, Mr. Wolfe?—A. May 4th, ballast donkey pumping on No. 3 hold; May 5th, the same, May 6th, the same entry. And ballast donkey on the 7th.

By Hon. Mr. Sinclair:

Q. Those are the days the engineer records rough seas?—A. Well, that indicates another repair. It does not only indicate that water is coming through slightly in the bottom but is coming out through the tank into the hold and getting into the bilges.

By Mr. McKenzie:

Q. From your examination of the record what have you found to be the best speed that the *Rio Dorado* has made, on the last voyage, Hull to Montreal?—A. The indicator cards were taken on May 7th, and I notice the engines were opened out to their maximum capacity on that occasion, which is quite usual when you take a set of cards, you get the maximum power out of her, and she only developed 1,707 horsepower, and the ship only made 11·06 knots, under extremely fine conditions, because the slip was down to 7·2 per cent against 10·9 for the average for the voyage. Showing that that must have been a finer day or the slip would have been greater. So that gives her maximum speed as 11·06 with the engines at maximum capacity, according to the indicator card.

Q. What do you say the weather conditions were?—A. The weather conditions must have been very fine, because the slip of the propellers was down to 7·2 per cent as against an average of 10·9, showing that it was away down below the average.

Q. And the slip would have a most decided bearing on the speed of the ship?—A. Undoubtedly; yes. Her maximum speed must be around about 11 knots under extremely fine weather conditions.

Mr. SYMINGTON, K.C.: The weather conditions are shown: "Variable breeze, and slight sea."

The WITNESS: On which day, sir?

Mr. SYMINGTON, K.C.: On the day you quote.

The WITNESS: On May 7th, yes, that was a very fine day.

Mr. SYMINGTON, K.C.: The previous day was a much finer day.

The WITNESS: The slip of the propeller is a far better guide to the condition of the weather than the remarks regarding the weather.

Mr. SYMINGTON, K.C.: On the day previous there was only a five per cent slip instead of 7·2.

The WITNESS: Yes, but I am taking the average for the voyage. It was supposed to be an average voyage. Which is 10·9 slip.

Hon. Mr. STEVENS: The day before that was 10·2.

The WITNESS: There was a day when it was down to one.

By Mr. McKenzie:

Q. What was the reason for that?—A. The ship was coming through the Pentland Firth with a very strong current in her favour. Although the engines were driving her through the water, the water was carrying her so much over the land, and the slip goes away down. Sometimes you will get a minus slip. I have seen it minus 6 or 7 per cent. You beat yourself.

By Sir Eugene Fiset:

Q. Is it your opinion that on this one voyage only, it is not possible to judge of the exact capacity of that ship?—A. That is on one half voyage?

Q. On that voyage only. Having only one voyage, can you judge of the quality of the ship by one voyage only?—A. No, you cannot. That is impossible, sir, taking it on one voyage.

By Hon. Mr. Stevens:

Q. I would like to ask Mr. Wolfe one or two questions. Having regard to the supposed greater efficiency of this vessel, do you attribute that more to the super-heating steam attachments than to any other cause?—A. I do.

Q. If you will look at this log. I am showing you page 693 of the printed evidence; the log, showing the slip from day to day. Is that record of slip for that voyage at variance with the record of uncorrugated ships?—A. It is high, to some. The last ship we had in here, I was looking up her records, and she was 8·2 per cent slip from Glasgow across here, average for the whole voyage. Then again, on bad weather conditions she might be 13, 14 or 15. Sometimes it is down to 3, about the lowest we get on a trip across.

Q. As an expert engineer, you do not consider this abnormal?—A. Nothing out of the ordinary to what we get every day as far as slip is concerned. Ten might be a shade if anything high. We reckon certain ships are about 8 and 9 per cent slip.

By Mr. Kennedy:

Q. The same tonnage capacity?—A. Well, that does not make much difference. The speeds, you are not taking into comparison, speed, you see.

By Mr. McKenzie:

Q. Mr. Wolfe, has it been part of your duties to examine the records of coal consumption for your ships?—A. Yes.

Q. Have you examined the records which have been submitted to us by the chief engineer of the *Rio Dorado?*—A. Yes.

Q. Would that abstract produced as Exhibit 76 have been sufficient for you to come to any constructive conclusion as to the coal consumption of that ship on a round voyage?—A. No, it is of no value at all as far as that is concerned.

Q. Why do you say that?—A. Because there is no port consumption shown either in Hull or in Montreal and what he is reckoning he is going to burn in Montreal I don't know.

Q. In the evidence of the chief engineer on page 694 he said he had burned 278 tons less one ton. Now would you tell the Committee whether or not you have any criticisms to make of that statement, as to its accuracy?—A. He states there that on the voyage from Hull to Montreal he certainly only burned that amount of coal because there was a ton remaining in the bunker when he got to Montreal. By his own figures he states he burned 278 up to Father Point. He shows that. Then he said he burned 26.1 tons to Montreal. That gives you 304 tons he burned to Montreal. He could not have one ton left in that bunker, if he used it from nowhere else, so it indicates that coal is being taken from somewhere else and used for the propulsion of the ship, if he had one ton left in that bunker as he stated he had. Then referring to the coal he had leaving Hull, which was 928 tons, I think—928 tons on the ship leaving Hull. And then arriving he has down that he had 632 tons, I think. That gives him 296 tons he burned. So there is three different statements as to what he burned.

Q. Yes, but on page 684 he says, "When we arrived in Montreal we had burned" all this, or all that, "less one ton, so we knew exactly the quantity we burned." Then in addition to that there was the 26 tons.—A. Twenty-six tons which he stated he burned coming from Father Point to Montreal. That gives you 304 tons. And his records of coal leaving Hull and coal remaining in Montreal shows 296. According to his logbook here, he left there with 928 tons and he arrived in Montreal with 632 tons, so that is 296 tons.

Q. How many different results do you get from a perusal of the logbooks and the abstract?—A. Well there is quite a lot of inaccuracies here. For instance on the last page of the log he states that the ship travelled 292 miles from noon on May 13 until the arrival in Montreal. Now as a matter of fact, she was 88 miles below Father Point at noon on that day and taking the distance to Montreal, it makes it that the ship travelled 393 miles. And he has allowed there in his log book only 26 tons of coal from noon of that day until 10 o'clock the following night. The ship travelled 393 miles, which, at 11 knots, would be somewhere around 34 hours' steaming. How could she burn 26 tons and steam 34 hours, because she has been burning a ton an hour—

Mr. SYMINGTON, K.C.: I do not quite follow that.

Hon. Mr. STEVENS: May be she drifted upstream.

The CHAIRMAN: May I ask a question, here?

By the Chairman:

Q. Would she make 11 knots an hour coming up the river?—A. No; I have been generous in allowing that speed. It would be nearer 37 hours' steaming. Further than that, the ship did not get to Montreal at 10 o'clock. I have it from the Chief Officer's log-book that she anchored at St. Michael, and came in about 6.40 o'clock the following morning. St. Michael is just below Longue Pointe. She did not arrive in Montreal until 6.40 on Thursday morning.

By Mr. Rinfret:

Q. What is the distance between Montreal and St. Michael?—A. About nine miles—I would not be certain of that figure.

Mr. MONTGOMERY, K.C.: It would be more than that.

The CHAIRMAN: I thought it was more.

Mr. FLINTOFT: I thought Longue Pointe was about 12 miles.

The CHAIRMAN: From where we measure the port of Montreal—the port of Montreal runs down below Maisonneuve.

The WITNESS: At 10.40 on the night of Wednesday she dropped her anchor, and lifted anchor at 5.20 the following morning, and got alongside the wharf at 6.20 on Thursday morning. That makes the number of hours she was steaming on that 26 tons of coal from noon of one day, all that day, and all that night until six o'clock the following morning, so she must have been about 40 hours, and only burned 26 tons.

By the Chairman:

Q. During the night, she would not burn any coal?—A. The fires are banked. You cannot let the fires off the ship. When she is at anchor she is all ready to move at a moment's notice. You have to keep steam up on the ship, and steam was kept up on this ship until she arrived at the Laurier pier.

The CHAIRMAN: My first guess of 20 miles was not so far out. Proceed, Mr. McKenzie.

By Mr. McKenzie:

Q. What record do you find, Mr. Wolfe, as to the coal remaining in the bunkers when the *Rio Dorado* arrived at Father Point? She arrived on the 12th of May. What was the number of tons remaining in the bunkers—just check that up, please—at noon of that day?—A. 658.1 at noon of the day of arrival at Father Point.

Q. I notice in Exhibit 76 the number of tons remaining at Father Point in the bunkers was 650. That would be a discrepancy of eight tons would it not? —A. Yes.

Hon. Mr. SINCLAIR: How do you make up that 658, Mr. McKenzie?

Mr. MCKENZIE: The 658 appears on the Engineer's log, Mr. Sinclair, under date of May 12. On hand on that day was 682 tons, and expended, 24 tons; that leaves a balance of 658.

Mr. SYMINGTON, K.C.: Where do you get that?

Mr. MCKENZIE: It is in the Engineer's log. As against that, in Exhibit 76, the number of tons remaining, at Father Point, was 650. That is at the bottom of page 693, Mr. Sinclair.

Hon. Mr. SINCLAIR: I do not understand how you make up the 658. 650 shows on the log.

By Mr. McKenzie:

Q. Will you explain, Mr. Wolfe, how the 658 is made up—from the Engineer's log?—A. This abstract is right up to Father Point, which is eight hours past noon, and this (indicating) is made up until noon.

Hon. Mr. SINCLAIR: It is a difference of eight hours in calculation?

The CHAIRMAN: At about a ton an hour?

Hon. Mr. SINCLAIR: It is quite clear now, but we ought to have more similar computations.

Mr. MCKENZIE: In taking Exhibit 73, it is given as a port to port estimate.

Mr. SYMINGTON, K.C.: An estimate? That is not an estimate at all.

Mr. MCKENZIE: Then let us take it as an actual statement of fact, Mr. Symington. I am satisfied to accept it as such.

The CHAIRMAN: Counsel will please direct their observations to the Chair.

Mr. MCKENZIE: Mr. Chairman, it seems to me that Exhibit 73 is misleading: it certainly was misleading when I examined it. It is at page 658.

Mr. SYMINGTON, K.C.: That is the Captain's abstract?

Mr. MCKENZIE: It is the Captain's abstract.

The CHAIRMAN: It is called an abstract passage from Hull to Montreal. You say it is misleading, Mr. McKenzie? In what regard, sir?

Mr. MCKENZIE: The total distance is given as port to port, appearing at the bottom of the page. The heading is "Abstract Passage from Hull to Montreal; Total distance, Port to Port, 3,019 miles; total consumption 278 tons."

Hon. Mr. SINCLAIR: Mr. McKenzie, is it not usual on board ship to measure the distance from the point where you put off your pilot, outwardbound, until you take on the pilot on the other side?

Mr. MCKENZIE: My understanding was directly to the contrary, Mr. Sinclair. My instructions are that "from port to port" means the same as "from quay to quay."

Mr. MONTGOMERY, K.C.: Is 3019 miles the difference from Hull to Father Point or from Hull to Montreal?

Mr. SYMINGTON, K.C.: From Hull to Father Point.

The CHAIRMAN: If it is from Hull to Father Point, then the heading may be a little misleading, but the facts seem to be correct.

Hon. Mr. STEVENS: Not only is that the case, but she was steaming, I think, from some time in the afternoon, until 2.15 in the morning, when she dropped her pilot outside of Hull, down the river. I think that is seven or eight hours' steaming.

The CHAIRMAN: The witness says he thinks he can clear that up, and we will give him the opportunity.

The WITNESS: On all ships we make a record of point-to-point distance—

Hon. Mr. STEVENS: The log will show that—

The CHAIRMAN: Let the witness finish his answer, please.

The WITNESSS.—the point to point distance is from the time you drop your pilot at one point until you pick him up at another. Then there is another record from port to port. This record (indicating) should be "point to point," because it is not from the time of leaving Hull, but from the time of leaving the light-ship, 20 miles distant from Hull. The distance to Montreal is 3,357 miles, port to port. If this is port to port, the mileage should be 3,357.

By the Chairman:

Q. From Hull to Montreal is?—A. 3,357 miles.

Q. Therefore this total distance is really point to point instead of port to port?—A. Yes.

Q. If you changed the words "from port to port" to "point to point," it would be right?

Mr. FLINTOFT: Except that the heading is misleading.

Sir HENRY DRAYTON: That would be the abstract passage from point to point, instead of from Hull to Montreal?

Hon. Mr. SINCLAIR: Hull to Montreal is just the same—

The CHAIRMAN: The total distance should be, point to point, 3,019 miles.

Hon. Mr. STEVENS: The difficulty with this whole schedule is that it is given to us as a typical voyage; the amount of coal consumed was doubled, and we were told that represented the total amount of coal per voyage. That does not allow for steaming up the St. Lawrence, and steaming down the St. Lawrence, and does not allow for picking up the pilot outside of Hull and taking the boat into Hull.

Mr. SYMINGTON, K.C.: Mr. Chairman, he allowed £50 in money for that; £550, and £50, makes up the total of £600.

Hon. Mr. STEVENS: It is presented to us as a typical voyage, and I say it is not.

Hon. Mr. SINCLAIR: It is presented as an actual voyage.

The CHAIRMAN: Typical of what the boat could do.

Hon. Mr. STEVENS: It is presumed to typify an actual example.

Mr. MCKENZIE: Typical of an actuality.

Hon. Mr. STEVENS: But it is not; it is only part of a voyage.

The CHAIRMAN: By the way, has the boat arrived at Hamburg, Sir William?

Sir WILLIAM PETERSEN: No, not that I know of. I have no information.

The CHAIRMAN: Now then, Mr. McKenzie, your next question, please.

By Mr. McKenzie:

Q. From your calculations, Mr. Wolfe, what has been the total time from quay to quay in that voyage, from the time she left Hull until the time she arrived at Montreal?

Mr. MONTGOMERY, K.C.: I wonder if Sir William has information as to where that ship is. She was supposed to land last night, but, as a matter of fact, she was off the North of Scotland.

Mr. FLINTOFT: She passed Dunnet Head, last night.

Sir WILLIAM PETERSON: May I clear up that statement? I have some information, but not of her arrival. I have information that her bunkers took fire from spontaneous combustion, and she has had great delay in putting out the fires in the bunkers. As you know, it sometimes takes days to put out these fires which are in the bunkers, which are caused by spontaneous combustion. That is what delayed the passage over. She was somewhere off the North of Scotland.

By the Chairman:

Q. Have you your answer to the last question by Mr. McKenzie?—A. Yes.
Q. What is it?—A. 13 days and 17 hours from Hull to Montreal.

The CHAIRMAN: Mr. McKenzie have you any further questions?

Mr. MCKENZIE: I do not think there is anything further.

By Mr. Symington, K.C.:

Q. Mr. Wolfe, there is no difficulty, apart from picking out, perhaps, the headings and some small variations, in arriving at what these documents show as to the perforance of that boat—what these logs show?—A. To me it would not be of any use.

Q. But apart from whether it is of any use or not, I say there is no difficulty in finding out what the figures show, and what it is claimed the boat did.—A. The only way you can work a trip off is this; you know what coal is put aboard her at one port, and you go around, and you know what coal was put on board again, and there has been a certain amount of coal consumed, in port, outward, in port, homeward, and in port—that counts as well—and you know by these figures how much coal to allow for port consumption, so as to arrive at the amount of sea consumption.

Q. So they show 928 tons which they took on board, and show they burned 278 tons to Father Point?—A. Yes.

Q. And they show they burned 26.1 tons to Montreal?—A. Quite.

Q. And when you check it up, it shows the amount of coal he used, and what he had left, and there was a difference of what—two or three tons?—A. Six or eight tons.

Q. What is the figure?—A. Eight, I think. 304 was shown, a total of 278 and 26.

Q. What would that leave in the bunkers?—A. What will it leave in the bunkers?

Q. Yes, at Montreal?—A. At Montreal?

Q. Yes. 928 when he left Hull; he used 278 to Father Point, and 26-point-something to Montreal— —A. That will give him 624, will it not?

Q. It is 24 tons?—A. Yes.

Q. And what did he have in his bunkers, according to that log?—A. He had 632 tons.

Q. In his bunkers?—A. Yes, but he has made no allowance for coming from Hull to the pilot grounds. He left Hull at midnight on April 30th, according to the chief officer's log book, and he steamed over two hours with engines going at full speed, and there is no coal consumption shown for that.

Q. "Left Hull 11.10 p.m. proceeded down the river, dropped pilot and proceeded away 2.15 a.m." That is what you refer to?—A. The chief officer's log book reads slightly different. "Left Hull 11.10 p.m. (summer time) and proceeded down river till dropped pilot and pull away 2.15 a.m., Friday first May." The nit goes on to when this starts, 2.15, and the engines were going full speed.

Q. So if he took on that amount of coal at Hull it would show what has been burned and what was left in the bunkers when he got to Montreal?—A. Quite.

Q. Do I understand you to say that you have no practical knowledge of corrugated boats at all?—A. No.

Q. What you have been telling the committee is what you have been reading of what people on the other side have been saying about it?—A. What I have been following up in the profession, keeping in touch with any new thing.

Q. What you have been reading, is what other people have been writing about?—A. Quite.

Q. What do you say would be the saving in coal by superheating?—A. 20 per cent to 25 per cent in a new ship.

Q. That would not account for a difference between 25 tons and 42 tons?—A. What are you referring to?

Q. The *Cairnmona*.—A. You are comparing a ship going 12½ knots with another going 10.

Q. What speed did the *Cairnmona* make?—A. I think that is voyage 38, is it not?—

Q. On page 880, it says:—

"Q. So on this voyage, in average 8.9 knots per hour, you used 42 tons of Durham coal per day?—A. 42 tons? On this voyage?

Q. Yes?—A. No, on this voyage it is different; we used about an average of 38 only. We were not going at extreme speed."

Take 38.—A. That is a bad weather trip. You are comparing a good weather trip of the *Rio Dorado* with a bad weather trip of the *Cairnmona*.

The CHAIRMAN: On page 887 there is the abstract of the log of the S.S. *Cairnmona* from Montreal to Newcastle.

Mr. MONTGOMERY, K.C.: Voyage 380 is on page 886. That is what he is speaking about.

By Mr. Symington, K.C.:

Q. Averaging 12.36 knots?—A. Yes.

Q. And how much coal did she use on that one?—A. 42, if I remember rightly; that is why I spoke of that voyage. You are comparing a ship going 12½ knots with a ship going 10½.

Q. That would not be proper; I quite admit that. On page 887 it is 10.7 knots.—A. This is the captain's log?

Q. Yes?—A. Have you the engineer's log?

Q. I have not got it.—A. It does not show the percentage of slip, so you cannot compare it. One ship may have a 10 per cent slip, and the other 20 per cent.

Q. It shows the weather, as you see there; 10.7 knots— —A. It also says, "Plunging heavily," "Shipping heavy water."

Q. How often? One day it was plunging. On the next day it was shipping heavy water. Have you got any comparison, after looking this over, that you can give us?—A. Which one is that?

Q. The *Cairnmona*.—A. This is the captain's log, which you want me to compare with what?

Q. You will find the engineer's log, commencing on page 894.

Mr. MONTGOMERY, K.C.: And on page 895, the same voyage.

By Mr. Symington, K.C.:

Q. You have not compared them for the purpose of giving us a proper comparison.—A. No. This is the first time I have seen these.

Q. But putting your faith in superheating, you would say there should be how much additional efficiency?—A. In that particular ship I should say between 20 per cent and 25 per cent.

Q. Meaning in the *Rio Dorado?*—A. Yes, the *Rio Dorado.*

Q. Why in that particular ship?—A. Because she is a new ship, and she is built for it. It has been built in the ship in the first place, it is not an alteration.

Q. That is more effective than an alteration?—A. You will get more efficiency in a ship originally built that way than in a ship which is built for saturated steam and then altered.

Q. Are the new ships being superheated, on the St. Lawrence?—A. Our three M boats are superheated; they were built superheated, but the Minnedosa has been converted, and it is the actual results of that ship I am quoting from.

By the Chairman:

Q. When you say 20 per cent more efficiency, you mean that you can get the same speed on 20 per cent less coal?—A. Yes, sir.

Q. That burning four tons, with superheating you can get as much speed as with five tons without superheating?—A. Quite, and it runs into rather heavy figures.

By Mr. Symington, K.C.:

Q. There has been quite a bit of discussion, has there not, as to the benefits of these boats, among engineers?—A. Yes, quite a lot.

Q. You have been hearing quite a bit about it lately?—A. I thought you meant in engineering societies in England.

Q. I do, apart from this enquiry altogether.—A. Yes. Every engineering book you get hold of there has been somebody writing about the merits and demerits of them.

By the Chairman:

Q. That is the corrugated ships?—A. The corrugated ships.

Q. That is since the war?—A. Yes, since the war.

Q. But you yourself, as you have told us, have had no actual practical experience in them?—A. No.

By Sir Eugène Fiset:

Q. Is it a revolution in shipbuilding?—A. I would not like to say that.

Mr. McKenzie: There was just one further question, Mr. Chairman.

By Mr. McKenzie:

Q. Mr. Wolfe, the *Cairnmona* was fitted with fans for the purpose of ventilation. What would your estimation be of the coal consumption, driving these fans?—A. That is a pretty hard thing to state, but of course you cannot drive anything aboard a ship unless you pay for it, in one way or the other.

By the Chairman:

Q. Is it substantial?—A. When you take the whole ventilating system in the ship, you might be using about 50 horse-power.

Q. Would that add a ton a day to the coal consumption?—A. Hardly a ton.

The Chairman: Are there any further questions?

By Mr. Shaw:

Q. Mr. Wolfe, your ships are registered in the British Registry, are they not?—A. Yes.

Q. Can you tell us why?—A. No, it has nothing to do with my department.

Q. I have been told that registry in Canada is a much more expensive matter than registry in England. Do you know whether that is true or not?—A. No, I do not know.

Q. Who would know that?—A. Some of the ships are registered in Canada, are they not? I think the Pacific boats and all the boats on the railways and on the lakes are.

Q. I am told that some of the boats on the lakes and practically all of the ocean boats are registered in England, because it is a much less expensive process. Do you know anything about that?—A. I could not tell you anything about that.

The CHAIRMAN: Now, are there any more questions? If not, I am going to discharge the witness with many thanks.

Witness discharged.

The CHAIRMAN: Who is the next witness, Mr. McKenzie?

Mr. MCKENZIE: Captain Isles.

DAVID ISLES, called and sworn.

By the Chairman:

Q. You live in Montreal?—A. Yes, sir.

Q. What is your business, your occupation?—A. Superintendent stevedore.

Q. Stevedore for—?—A. The Thompson-Cairn Line.

By Mr. McKenzie:

Q. How long have you been in the stevedoring business, Captain?—A. Twenty-one years, sir.

Q. In Montreal?—A. In Montreal.

Q. You were at sea before that?—A. Nineteen years.

Q. What certificates do you hold?—A. Extra Master's certificate.

Q. Is that the highest qualification—?—A. Yes, sir.

Q. —for a shipmaster?—A. Yes.

Q. You had occasion to examine the plans of the Petersen ships?—A. I examined the ships.

Q. And you examined Exhibit 92, which is a plan of the *River Ottawa?*—A. Yes, sir, I saw that.

Q. How would you describe that boat, Captain Isles?—A. She is a shelter deck corrugated steamer.

Q. What I want to ask—

Mr. SYMINGTON, K.C.: May I ask just what the nature of this evidence is going to be? A head stevedore is going to give evidence about the construction of a boat.

The CHAIRMAN: Captain Isles is an old seaman, and the stevedoring people know a good deal about boats, especially when they are in port.

Hon. Mr. STEVENS: What are you objecting to his evidence for, Mr. Symington?

Mr. SYMINGTON, K.C.: I have no particular objection. I do not know anything about what his evidence is going to be, but he has referred to a shelter deck boat, about which we have had some disputes, and if his evidence is to be directed towards that, I should think we should have the evidence of a marine engineer or a marine architect.

Mr. MCKENZIE: This type of ship is known quite well, Mr. Chairman, I think, and I think the Captain is eminently qualified to declare whether it is a shelter deck or 'tween deck, or what it is.

The CHAIRMAN: I was told the other day that naval architects had special names, different from the ordinary current names for boats, so I am not going to interfere with the Captain.

Mr. RINFRET: By all means, give it, Mr. Chairman, and let us forget about these.

By Mr. McKenzie:

Q. In your experience, Captain, you have had occasion to load, I suppose, many, many ships in the port of Montreal?—A. Yes, sir, a great many.

Q. And you have had occasion to come to some conclusion as to the best type of ship which is suited to the Montreal and Canadian trade?—A. Yes, I have studied it.

Q. I want you to take the type of ship proposed by Sir William Petersen, and compare that with the ship which you regard as a typical and ideal ship for the Canadian trade. You have examined the plans of the *River Ottawa*, and you, I understand, have inspected the *Rio Dorado?*—A. I was aboard of her, and the *Newberry*, as well.

Q. Which is the *Newberry?*—A. The other corrugated steamer.

Q. Just a little louder, please.—A. I was on board the *Rio Dorado*, also the *Newberry*, the other corrugated steamer, that was in Montreal last week, down her holds.

Q. Let us take the *Rio Dorado*. I want you to go into the question as to her suitability for the Canadian trade. Now, the *Rio Dorado*, as we have it in evidence, is more or less of the type of ship which is to be used by Sir William Petersen.—A. She would not do at all for our business.

Q. Why? I want you to elaborate on that.—A. She has to have more decks and more compartments, to take care of the different commodities we handle every week. When the shelter deck is open right fore or aft, without any bulkheats, you cannot separate the various commodities you get.

Q. Why should you require to separate them?—A. Because you get leather, hops, flour, apples; it cannot all go in the same space. It must be kept separate. If you put flour with corn or apples, you taint your flour.

Q. Why cannot that be put on the shelter deck?—A. You are going to put cattle there, and you cannot put flour on the shelter deck, if you put leather there or anything that has a smell.

Q. If you use the shelter deck I imagine you would just have the hold left, the lower hold. Why could not that be used?—A. The 27-foot hold?

Q. Yes. I understand it is a 27-foot hold, on the *River Ottawa?*—A. There is nothing that goes out of Montreal that you could stow 27 feet high and land it, except grain or flour.

Q. Why is that?—A. Because they will not stand the pressure.

Q. Why would it not stand the pressure?—A. If you are going to put apples in a 27-foot hold, the first five tiers would go to pieces with the weight. You could not stow boxed meat 27 feet high, Canadian bacon.

Q. Just because of the weight?—A. It is bad stowage. There are the current rules, governing stowage. If you exceed the height and have damage, you pay for it; if you stow cheese or anything too high for the bottom tier, it is up to you, because you have too much weight on it.

Q. Are we to take it that the 'tween deck of the ship is somewhat similar in form to a row of cupboards, with shelves?—A. You could describe it as that, with the steel bulkheads between each one.

Q. In your experience, have you had occasion to use shelter deck or 'tween deck space, to the exclusion of the space that you might have had available in the hold?—A. You cannot put down the hold all that you can put on the deck. There is quite a bit of leakage from it. You cannot put meat down a hold on top of anything without damage to whatever is underneath it, whether it is grain, flour, as the case might be; you put it on the decks.

Q. In your experience have you had occasions where you have had space available in the hold and you are not permitted, or in your opinion, it was not advisable to ship in the hold?—A. After the war, when we were replacing the fleet which was lost during the war, we used a shelter deck vessel for a summer and a half. When that shelter deck had all the meats it could hold, we had to shut the rest out. On two or three occasions we shut a lot of cargo out which we could not put on top of grain or flour.

Q. Is that an objection by the shipper or a precaution by the stevedore?—A. You have to pay for it.

Q. Who has to pay for it?—A. The ship has to pay for it, if you put wet stuff on top of dry stuff. It is bad stowage.

Q. I understand you have inspected the corrugated ships?—A. I was down in the holds of the *Newberry*.

Q. And the *Rio Dorado*?—A. Yes.

Q. Have you any criticisms to offer as to the loading facilities of that type of ship?—A. As far as corrugation is concerned?

Q. Yes.—A. Well, I would have objection to it. The nearer you can make a hold into a square box, the better and the simpler you get stowage. If you are going to follow the contour of corrugations and try to find packages to fit into that, and let the ordinary longshoremen put them in, you are going to have difficulty. It is good for grain but it is not good for package freight.

Q. Would there be any difficulty in the corrugations in the stowage?—A. You do not get packages to fit in. The cargo must be bound together. It has to go across the Atlantic, after you are done with it. It has to be bound together and properly stowed. The ship is liable to meet heavy weather, and if you are going to stay in the business and get a reputation for landing cargo in good condition, you must have it properly stowed; and even also in the case of bag cargo, if you follow the outlines of that corrugation and stow your bags in there, and that ship had a five degree list, and the sides sweat, the sweat has no where to drop except on the top of the cargo.

Q. You have the sweating in the straight-sided ship?—A. Yes, but it runs down the side. Provision is made for it.

Q. What effect would the rolling have, as regards sweating?—A. When it runs over you will get the drops of sweat off the bilge, because it will drop straight. If the ship's side is straight the sweat will run down in a steady stream, but if it is corrugated, when the ship has a list over, this sweat will drop, when it comes to the point of the angle, on to the cargo, because the cargo is underneath it.

Q. We have the statement in evidence to the effect that the refrigerator space is not essential for the Montreal trade.—A. He does not know anything about the Montreal trade if he said that.

By the Chairman:

Q. If you are going to carry certain sorts of cargo, you have to have refrigeration.—A. If you do not have that, you are not supplying the requirements of the port.

By Mr. McKenzie:

Q. The Captain said that for the Canadian trade, on the ships in which he was engaged, refrigeration was not essential.

The CHAIRMAN: Who said that?

Mr. MCKENZIE: The Captain of the *Rio Dorado*. I think I can find it a little later, but I do not want to take the time of the Committee.

By Mr. McKenzie:

Q. Now, Captain Isles, you spoke of the spaces in the hold as being 27

feet. Now, you say that is entirely too deep for the stowage of ordinary package freight?—A. That is it.

Q. Would it not be advisable to use grain and build that up, and then put your package freight on top of that?—A. Yes, but not when we are carrying cattle. In our business, we aim to lift all the package freight every week; therefore, when our ships arrive in Montreal, the minimum amount of grain is engaged, with an option, probably, on some more. Then you go along; they size up the package freight situation and around about Thursday, they will try to get extra grain. You have to go after it until often it is too late and in the meantime you cannot do anything in your lower holds. In the summer, in Montreal, you will have meats and all kinds of stuff, coming into the shed and if you leave them more than four or five hours, they will report you to the Department at Ottawa. Therefore, you must have the ships deck to put it on.

By the Chairman:

Q. Do the cheese people try to send their cheese down late?—A. If they get a late cable that prices have gone up they will shoot it down a little late, the night before sailing. We have had to take other stuff out to make room for it.

By Mr. McKenzie:

Q. When you say Thursday, you mean for boats that would be leaving on Saturday morning?—A. On Friday morning. We work all night Thursday night, trying to get the boat away on Friday morning, at nine or ten o'clock, on this particular line. We are talking of the Thompson Line.

Q. I would gather that your reference has entirely to do with the question of dispatch, as to the loading facilities of your 'tween deck ship, as compared with the shelter deck?—A. Dispatch is one thing; putting your stuff in the ship, as it comes along, is a very important thing, because the Department in Ottawa keep an inspector in the shed. Your customer has iced the meats and brought them in early, and if you have them in the shed for forty-eight hours, they will report it right back. We must put it in the ship. We work often, when it is not necessary, to clean up the perishable freight, over night. There is another point in connection with meats, that might as well be cleared up: You could not store that in the hold. Supposing you take a ship, with ordinary 'tween decks, in a 15 foot or a 16 foot hold and raised the height with deals or something of that sort, the man, whose meats go in first, would not get them for three days, on the other side. The man, whose meats are on top, gets them first. The idea is to put them along the decks and put them all out in twelve hours, to get them all to the market, and you have them all sold for the week-ends on the other side. You have to keep your week-end dates on the other side. It is just as important as leaving here, to keep your speed up.

The CHAIRMAN: Have you any questions to ask the witness, Mr. Symington?

By Mr. Symington, K.C.:

Q. There is this: Suppose 'tween decks—I do not say that in a technical term, but with a deck above and a deck below in this ship, as in your ships——A. You are referring to the nine foot six deck?

Q. The River Ottawa?—A. She has a nine foot, six, shelter deck.

Q. Yes. There is a space to put cargo there?—A. If you do not put cattle there.

Q. If you do not put cattle there?—A. Yes.

Q. And there are refrigerator holds in that ship, or compartments?—A. Where, sir? I did not see that. In the lower hold, yes.

Q. No. They had been added since that plan.—A. In the lower hold, yes.

Q. Yes.—A. 27 feet deep.

Q. I do not know about that. In the stern bow, I understand? Aft. In the aft hold.—A. No use to us.

Q. Then you say that the crevices, the corrugations would sweat, and that the sweat was dripping?—A. I fancy so, I went down the hold and looked.

Q. But the ship was not sweating when you were there?—A. No.

Q. Then with respect to the bags, they go against the cargo battens, do they not?—A. Yes.

Q. Now, about the form of the corrugations; with regard to those corrugations, they would form an air space, would they not, if they were not filled?—A. They would go against the cargo battens in a straight sided ship, just the same.

Q. But they do not go into the corrugations?—A. The cargo battens on the ship I saw followed the contour of the ship, followed the corrugations, followed the shape of the corrugations. There was the space between them, but they followed the contour right around.

Q. They follow the frames, I am told, in our boats?—A. Outside of the frame; they are 7 feet apart.

Well, what about that?—A. You will want some cargo battens to hold your cargo there, in a gale on the Atlantic Ocean.

Q. May be so; wouldn't the corrugations make air, which would be desirable in the hold, an air space?—A. That was another point I was going to mention. I daresay there would be dead air space in that corrugation, unless you had a fan or a vacuum to give circulation, because it seems to me that in this air space you would have dead air otherwise.

Q. One of them told of a cargo of rice. What have you to say about that?—A. I have handled cargoes of rice in steamers, and that is a cargo you do not stow like you would some other cargoes. It does not matter what you bring in, they bring down bamboos and criss-cross them in the ship and every four tiers they have a skeleton ventilator, then they run four, every four tiers, and connect them with up-and-down ventilators running into the hatchways and everywhere; they have 120 tons of ventilators.

Q. It seems to be a difficult cargo to carry?—A. Yes. As long as you do not allow it to touch anything, it is all right; it sweats quicker than anything else.

Q. I would imagine it would want proper protection, too?—A. Yes.

By Hon. M. Stevens:

Q. How would that rice be carried?—A. In bags, sir.

Q. The criticism you have offered to this Committee is a criticism of the *Rio Dorado?*—A. Any ship that does not have divided 'tween decks would not do for the Montreal trade. Every week you get a car of leather or a car of hops, and you cannot say you will not take it; you have to take it.

Q. One that can be divided is all right?—A. It must be divided with a steel bulkhead. A wooden bulkhead lets air through. You have to have steel, and enough of it.

Q. That is all that is necessary, 'tween decks?—A. Compartments is all you want.

By the Chairman:

Q. The ordinary run of cargo boat that goes to Montreal, handling general package freight, does it have one deck or two, on which cargo is stowed?—A. Ships built for the purpose have two. You can work with one, if you have your five divided compartments to hold bags of flour and rice; you can wait until your cargo is finished, or you may decide to go ahead and lack a couple of hundred tons of grain rather than wait.

Q. But take the Conference lines; do they have one or two decks, as a rule, on their boats?—A. Any ship built for the Montreal trade has two decks; anybody who has been in the business very long knows that.

Mr. McKenzie: There is one question which the captain as a master mariner might be able to clear up; it is a very controversial one, as to whether the tonnage in the shelter deck is included in the net tonnage.

By Mr. McKenzie:

Q. Can you tell us that, captain?—A. Not if it is a sheltered deck. If it is in the tonnage, it is not a sheltered deck. Shelter deck is a term used by the Board of Trade. If it is in the tonnage, you pay on any cargo you carry, but if your shelter deck is empty you do not pay anything.

Q. I am just speaking of the register?—A. It is not in the tonnage.

Mr. McKenzie: I am requested to ask, Mr. Chairman, as to whether or not the passenger accommodation on a passenger ship is in the tonnage?

The Witness: It is lately, I believe. I think the passenger accommodation is included.

Mr. Symington, K.C.: Is my friend satisfied now?

Mr. McKenzie: Quite.

Mr. Symington, K.C.: I am glad he has satisfied himself upon that point.

The Chairman: Have we any more evidence now? We asked the Minister to come over this evening, and I did make a suggestion that possibly he might hold himself in readiness to come this afternoon, but he is too busy. It is now almost 5 o'clock. We shall adjourn until what hour to-night? I want to finish to-night, as far as the evidence is concerned.

Mr. Rinfret: We will finish.

The Chairman: Shall we say 8 o'clock?

Hon. Mr. Stevens: One moment, Mr. Chairman. We have asked several times for the register of the *Rio Dorado*.

The Chairman: Mr. Donald, have you any news to-day about it?

Mr. Donald: I am instructed that the agent was communicated with in Montreal, and he stated that it had been forwarded to the Department of Marine and Fisheries in Ottawa.

Mr. Symington, K.C.: I do not know for what purpose it is required by Mr. Stevens.

Hon. Mr. Stevens: It was required by the Committee to check up the statement that was made.

Mr. Symington, K.C.: I think they have a copy of it.

Mr. McKenzie: We have what we believe to be a copy.

Hon. Mr. Stevens: You will recollect, Mr. Chairman, that you ordered it.

The Chairman: I think I ordered it and re-ordered it.

Hon. Mr. Stevens: And we are entitled to have it.

Mr. Shaw: Some employee from that department could bring the document here, I should think.

Mr. Symington, K.C.: The documents have been here two or three times. Will the Chairman ask the Secretary to bring them to-night?

The Chairman: Would you like to have them here to-night, Mr. Stevens?

Hon. Mr. Stevens: I think we might as well have them.

The Chairman: Half past 8 o'clock is the hour I intimated to Mr. Low. What do you think, gentlemen, of my asking the clerk to have Mr. J histon

and Mr. Duguid here at 8 o'clock, and that they should bring a copy of the register, which, according to the statement which Mr. Donald has been instructed to make to us, was sent to that department?

If that is satisfactory the Committee will stand adjourned until 8 o'clock to-night.

Mr. MONTGOMERY, K.C.: For the information of the Committee, I would like to say that Major Cairns is here, if you wish to take evidence of the conversation and so on. I do not want to burden you with it; I am not pressing the evidence now, because it is more or less ancient history.

The CHAIRMAN: We could take Major Cairns now, if you wish.

Mr. MONTGOMERY, K.C.: I am not pressing the evidence at all, Mr. Chairman, because it is an old story.

Mr. SYMINGTON, K.C.: What is the use of taking the evidence, if nobody wants it.

The CHAIRMAN: Unless there is a desire to hear Major Cairns, I think we shall all be glad to get three hours' rest.

Hon. Mr. SINCLAIR: What is it about, Mr. Chairman?

The CHAIRMAN: It is about the conversation with Mr. Preston, I understand.

Mr. MONTGOMERY, K.C.: I do not know at this stage, Mr. Chairman, whether we are interested in any further contradiction of Mr. Preston's Report. I merely wish to observe that Major Cairns is present, and at this stage, if it is at all necessary or desirable we could call him.

Mr. SHAW: I would like to ask Mr. Montgomery whether Major Cairns can throw any additional light on the subject we are now discussing, whether he will contradict him, and if so, in what particular?

Mr. MONTGOMERY, K.C.: The substance of his evidence, Mr. Shaw, would be this, that Mr. Preston did come to see him, but that the conversation was somewhat different from the account given by Mr. Preston, and that he was not prepared to carry out that 100, unless the Government regulations were changed from those in the Argentine.

I do not know whether the Committee will want any further evidence than that or not.

Hon. Mr SINCLAIR: I think that is good enough, Mr. Chairman.

The CHAIRMAN: All right, we will let it stand in that way. This Committee therefore stands adjourned until 8 o'clock to-night, when we will hear these witnesses that have been mentioned.

The Committee adjourned.

The Committee resumed at 8.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The Committee will please come to order. Mr. Johnston, will you kindly take the witness stand?

ALEXANDER JOHNSTON called and sworn.

By the Chairman:

Q. Mr. Johnston, you are the Deputy Minister of Marine and Fisheries?—A. Yes, sir.

Q. The other evening, sir, I asked the Captain of the *Rio Dorado* to send up a certified copy of a document showing the registered tonnage of the ship. It never came to this Committee, but I heard it did go to the Department of Marine and Fisheries. Have you got it?—A. I have not. I think Mr. Gordon

telephoned to my office a few minutes before five and intimated that either the original certificate, or a transcript thereof, had been forwarded to the Department. I asked the chaps around the Department, who would know, whether such a document had been received, and they told me if it had reached the office, they had not seen it. I have not seen it.

The CHAIRMAN: I got the impression somewhere that it had been sent to your office.

Mr. DONALD: The advice I had was that a certified copy from the Custom House had been sent to the Department of Marine and Fisheries.

Hon. Mr. STEVENS: It looks to me as if somebody was trifling with the Committee. There is no excuse in the world why we should not have copies of this register.

The CHAIRMAN: When was this supposed to be sent? I ordered it to come here over a week ago.

Hon. Mr. STEVENS: It is two weeks ago.

Mr. DONALD: It was supposed to be sent the day after the ship left port.

Hon. Mr. STEVENS: They were to get it to save them coming back; they were to get a copy from the Custom House and make a certified copy from that.

Mr. DONALD: That is quite true.

Mr. BLACK (Halifax): Mr. Chairman, we are talking about this register and it is said that somebody sent it. Surely to goodness we can proceed in a businesslike way to see if it was mailed. Who wrote the letter? Let us get a copy of the letter here and we can trace it through the post office.

The CHAIRMAN: I think the suggestion of Mr. Black is an excellent one.

Mr. DONALD: I will do the best I can to produce the document.

Mr. BLACK (Halifax): Was it mailed?

Mr. DONALD: I have only the advice of the agents that the Custom House sent a certified copy to the Department of Marine and Fisheries at Ottawa.

The CHAIRMAN: Do you know when they sent it?

Mr. DONALD: I understood it was sent the day after the ship sailed from Montreal.

Mr. SYMINGTON, K.C.: I think my friend has a copy here, and while it is not certified—

The CHAIRMAN: Do you think we would be safe in accepting it?

Mr. SYMINGTON, K.C.: I suppose they made a copy themselves, and I would be prepared to let it go in.

The WITNESS: All I desire to say about it is that I asked one of the clerks in charge of registration matters in the Department shortly before five, if any papers with reference to the *Rio Dorado* had reached the office. He went out and made a search, came back rather promptly, and told me that no papers with respect to the *Rio Dorado* had reached our office.

Mr. SYMINGTON, K.C.: I make the suggestion that the copy they have, be put in; it is not certified.

Sir EUGENE FISET: Can you understand any reason why it should be sent to your Department, Mr. Johnston? Why should the Customs House send it to the Department of Marine and Fisheries?

The WITNESS: There is no reason.

Sir EUGENE FISET: Are you sure that he did not mean the Deputy Minister of Customs?

Mr. DONALD: I can only give you the information I have received.

Sir EUGENE FISET: Did you inquire of the Deputy Minister of Customs?

Mr. DONALD: I have not, but I will inquire.

Sir EUGENE FISET: I cannot see why it should go to the Deputy Minister of Marine and Fisheries.

The WITNESS: The vessel being registered as it is, in the United Kingdom, there would be no reason whatsoever to send a transcript of the certificate to our office.

Mr. SYMINGTON, K.C.: I do not know why that office should have been selected, other than the Captain was supposed to get the Custom House official to make a certified copy of it and send it to this Committee.

The CHAIRMAN: Gentlemen, I will suggest that we put in a copy, and meanwhile I would like Mr. Donald to follow this matter up.

Mr. DONALD: I will be glad to do everything in my power to produce this copy before the Committee. I have done everything I can, so far. I am not trying to hold back anything.

Sir EUGENE FISET: You will probably find that in the Minister of Custom's office.

Hon. Mr. STEVENS: Ring up the Customs Collector in Montreal and find out if the certificate was ever made.

Mr. SYMINGTON, K.C.: Mr. McKenzie hands me this (indicating). The Customs House officer must have had a copy in order to be able to make this, although it is not certified.

Mr. FLINTOFT: It would be left with him while the ship was in port.

The CHAIRMAN: Although the Deputy Minister cannot certify to the correctness of this, he can tell us if it is on the usual form, and whether it appears to be in order.

The WITNESS: It certainly appears to be in the regular form, and appears to be in order.

The CHAIRMAN: We will put that in subject to verification when the original is received.

EXHIBIT 99: Copy of Register. (Uncertified).

By the Chairman:

Q. Who is the Registered Agent of Shipping?—A. We are.

The CHAIRMAN: So it would be to this Department that it would naturally be sent. Shall we have this printed?

Hon. Mr. SINCLAIR: File it as an exhibit. That will be sufficient.

The CHAIRMAN: We can leave the question of its printing for the moment. Have you any further questions to ask Mr. Johnston?

Sir HENRY DRAYTON: Mr. Stevens wants the engineer. We will not bother Mr. Johnston further.

The CHAIRMAN: Mr. Johnston, we are very much obliged for your attendance, and we discharge you.

The witness retired.

The CHAIRMAN: The next witness is the Engineer of the Department.

Sir HENRY DRAYTON: I thought the next witness was to be Mr. Low.

The CHAIRMAN: We asked him to be here for half-past eight. Is Mr. Duguid here?

CHARLES DUGUID called and sworn.

By the Chairman:

Q. You are a marine architect?—A. Yes, sir.

Q. Are you connected with the Department of Marine and Fisheries at the present time?—A. Yes, sir.

By Hon. Mr. Stevens:

Q. I have a few questions: You had something to do with designing the ships of the Government Merchant Marine?—A. Yes.

Q. You have had considerable experience in marine architecture?—A. Very much.

Q. Would you just tell us your experience briefly?—A. My first experience was on the River Clyde, where I served an apprenticeship of seven years, at the West of Scotland Technical College, in connection with my profession as a naval architect. From there I proceeded to Barrow, to the Vickers works, or the naval construction works, as they were in those days, before Vickers had taken them over. I was with the Vickers Company until 1905, when I was called to Canada in connection with naval work. From 1905 to 1913, I was a temporary officer of the Department; from 1913 to the present day, my position has been permanent. Previous to coming to Canada I was engaged in connection with the construction and designing of merchant marine, both sailing ship and steam, and after that, going to Barrow, to the Vickers Company. Whilst in their employ I was engaged in connection with merchant marine, and with ship construction. Since coming to Canada, the principal work has been with dredges, ice breakers, barges, custom cruisers; and from 1917 on to about 1922, in connection with the cargo boats of the government fleet.

Q. Now, from your experience as a marine architect, do you consider the 8100 class, I think they call them—that is what we have been calling them here—of the Canadian Government Merchant Marine, are suitable cargo boats for the North Atlantic trade?—A. I consider them quite suitable for the North Atlantic trade. I think they are excellent ships.

By the Chairman:

Q. You admit they are?—A. Yes, I admit they are.

By Hon. Mr. Stevens:

Q. There is no reason, as far as construction, motive power and general efficiency is concerned, why these ships should not be a success in the North Atlantic trade?—A. No, none.

Q. None whatever?—A. None, whatever.

Q. You have seen this plan, no doubt? I want a little advice. This is a plan, Exhibit No. 92, being a plan of the ships of the type proposed under the Petersen contract to put in the North Atlantic trade. What I would like you to do Mr. Duguid, for my own satisfaction, and, I know, for the satisfaction of the balance of the Committee, is to describe and determine for us, as a marine architect, the character of this ship. Is this ship what is known as a 'tween deck ship?—A. This ship is known as a shelter deck, one deck ship. This ship will be listed in Lloyds as a shelter deck, one deck ship, in Lloyd's Register.

Q. In computing the net registered tonnage of this ship, would the space between the upper or shelter deck and the lower or strength deck, be included in the net registered tonnage?—A. No, sir.

Q. What is your answer?—A. No, sir.

Q. Why would it not be included?—A. Because it is an exemption.

Q. Under the law?—A. It is not a completely enclosed erection. There is a tonnage opening at the aft end, which is considered an opening, and due to

that opening, the space between what is called the main deck and the shelter deck is an exemption from tonnage.

Q. In a ship of this type, with a shelter deck, is the space between the upper or shelter deck and the lower or main deck open from stem to stern?—A. Yes, not from stem to stern. There is a small coal chamber at the stern.

The CHAIRMAN: A little louder.

The WITNESS: It is practically open from stem to stern.

By Hon. Mr. Stevens:

Q. With the exception of this chamber?—A. Yes.

Q. If cargo is carried in any section of this upper deck, the owners would have to pay additional dues, as it would increase the net registered tonnage by that amount?—A. On the arrival of this vessel at any port, say, in the United Kingdom, with cargo in any space in the sheltered 'tween deck, that space would be measured by the Custom's authorities and added to the tonnage of the ship, for the time being.

By Sir Eugene Fiset:

Q. You have used the expression "sheltered 'tween deck"?—A. That is the space between the upper deck and the shelter deck; on the main deck we carry coal here.

By Hon. Mr. Stevens:

Q. In carrying cargo in the holds below the main deck, if this was loaded to capacity with cargo of medium density, would it lower the vessel to the load line?—A. I should have to——

Q. Take, for instance, grain. We have used that very often, as an illustration?—A. I should have to know the cubic contents of the vessel, below the main deck.

Q. That is one reason why we wanted the register.—A. If I might take the total cubic contents of the vessel, as given in the British specification, as 580,000 cubic feet, and if I divide that by 45, which is the mean cubic feet per ton for average cargo, that would give me about 12,500 tons of cargo, which the vessel cannot carry. That is the total cubic contents.

By the Chairman:

Q. I did not catch that?—A. If I was taking the cubic contents, specified in the British specification, as 580,000 cubic feet, and dividing that by 45, which is the normal, 45 cubic feet to the ton, that would give me about 12,500 tons of cargo, which the vessel could not carry, with a 25 foot draft. That is, the 580,000 would have to be divided by what cotton might weigh per cubic foot, to fill the ship. The 580,000 cubic feet, I take it to be to the shelter deck, the total, but the space between the shelter deck and the main deck is not included in the tonnage.

Q. In the registered tonnage?—A. In the gross tonnage.

Q. What is the gross registered tonnage?—A. There is no gross registered tonnage. It is gross tonnage.

By Hon. Mr. Stevens:

Q. If the vessel were loaded between that space, or between the upper and lower deck, with cargo of the ordinary density, such as 45 cubic feet to the ton, it would put the ship below the load line?—A. Certainly.

Q. If that space were occupied with cargo, to keep the ship above the load line or not below, would it not be at the sacrifice of cargo in the lower holds?—A. Certainly.

Q. Is that right?—A. That is right. You have to deduct it somewhere.

Q. If cargo is loaded in that upper space, it adds then to your measurement?—A. Yes.

Q. To the extent that it is loaded with cargo?—A. Certainly.

Q. It adds to the measurement of the ship?—A. Yes.

Q. Now, in designing a ship for cargo purposes, for the handling of package cargo, is it considered good marine architecture to have it on a deck open, say for 300 feet, or whatever the length of that space is, without bulkheads?—A. Quite all right.

Q. You would have no objection to that?—A. No.

By the Chairman:

Q. Mr. Duguid, I notice, in these particulars, under schedule A, it says "tonnage, approximately 5,000 gross; 3,500 net." You said there was no such thing as gross tonnage.—A. Gross register, sir.

Q. You say there is deadweight, including Vicker's 9,000 tons, on a 25 foot draft?—A. Yes.

Q. Cubic capacity, about 580,000 cubic feet; tonnage, approximately, 5,000 gross and 3,500 net. I thought that must be gross register.—A. Gross tonnage. That is the proper term for it.

Q. Does that mean the gross measurement of the ship, prior to the deduction of the space which is occupied by engines, bunkers and so on?—A. That is quite right.

Q. And then, after you have deducted from the gross the space occupied by engines and accommodation for bunker coal and so on, you arrive at a figure, which is the net registered tonnage of the ship?—A. Quite correct.

By Hon. Mr. Stevens:

Q. This certificate which I have in my hand, and which is Exhibit No. 99, shows a gross tonnage of 4506.66 and a registered tonnage of 2766.19. Is that the net registered tonnage, supposed to be?—A. The net tonnage.

Q. Which is vastly different from what is set forth in here, but I merely inject that at this point. Mr. Duguid, assuming that this ship—I do not know whether you can answer this without measuring or not, but you can give us your own opinion—assuming that this ship was loaded full to the main deck with grain, we will say, with wheat, could she carry a cargo in the 'tween deck space, between the shelter deck and the main deck?

The CHAIRMAN: I did not hear that question. Will you please read the question, Mr. Reporter?

(The question being read)

The WITNESS: I should really say that the designer had looked after that, in designing the ship, if this vessel was loaded with wheat, say to the main deck, she would certainly be drawing about 25 feet of water.

By the Chairman:

Q. Without any cargo in the space between the two decks?—A. Yes.

Q. Where is her load line, can you say?—A. May I mark on this plan?

Hon. Mr. STEVENS: Yes.

The CHAIRMAN: Just refer to the mark which you have made, when you answer the question. Let him answer the question. Say what you have marked.

By Hon. Mr. Stevens:

Q. The load line then comes at this mark, this line passing through the circle, just above the figures "No. 3. hold"?—A. That is, according to the specification which has been printed, 25 feet.

Q. If the ship were at that load line, with a cargo of wheat below the main deck or strength deck, she could not load further cargo in the shelter deck, between the shelter deck and the main deck?—A. I presume not.

By the Chairman:

Q. What is your answer?—A. I presume not.

By Sir Henry Drayton:

Q. If she is shown here, and I gather that she is?—A. She is there.

Hon. Mr. STEVENS: Mr. Chairman, I have not had time to go into these things; that is one of the reasons why we wanted this certificate. I have not had time to look at this exhibit for more than a second or two.

Mr. SYMINGTON, K.C.: That is not the same ship, Mr. Stevens. This is the *Rio Dorado*.

Hon. Mr. STEVENS: But the point, as I understood it, was that it was virtually identical with this ship, in capacity.

Mr. SYMINGTON, K.C.: No, it is smaller. I understand it is 500 tons smaller.

Hon. Mr. STEVENS: We will not compare the two, then. Let us base our questions upon this schedule, this excess of capacity.

By Hon. Mr. Stevens:

Q. To make it clear as to the 580,000 cubic feet, if this vessel were loaded to the point of the load line which we have just mentioned, as shown on No. 3 hold, the cubic capacity would be what?—A. 580,000, less shelter 'tween decks.

Q. Can you give us any idea what that is?—A. Yes, if you will give me time.

The CHAIRMAN: May I point this out, Mr. Stevens; is it quite fair—perhaps I better ask the witness.

Hon. Mr. STEVENS: This is exactly the same, Mr. Chairman. I am making my comparison with the plan and the statement.

Sir HENRY DRAYTON: He says it is not.

Mr. MONTGOMERY, K.C.: The register is the *Rio Dorado*, while the blue print is one of the river boats.

Mr. DONALD: The register is the *Rio Dorado*.

Hon. Mr. STEVENS: And this is a new boat?

Mr. SYMINGTON, K.C.: Mr. Stevens should point out that that boat was planned, ordered and was being built before the contract was entered into. I will ask him to make that explanation.

Hon. Mr. STEVENS: Whenever we get down to actual cases, we are faced with some mysterious change.

Hon. Mr. SINCLAIR: There is nothing mysterious about it.

Hon. Mr. STEVENS: Yes, there is. Here is a plan stated to be that of the vessel, with what exceptions, storage, and what was the other thing?

Sir HENRY DRAYTON: The stalls.

Hon. Mr. STEVENS: That does not affect the measurements a particle.

The CHAIRMAN: Let me make this suggestion, Mr. Stevens. We have the naval architect; let him examine schedule A and the contract, let him examine the blue print, and then let him tell us whether they are in accord, and after that we can go ahead.

Hon. Mr. STEVENS: This is what Mr. Duguid is here for. It will shorten matters if you will permit me to state it.

By Hon. Mr. Stevens:

Q. This schedule to the agreement states that this vessel, which is supposed to be upon this route, has a capacity of 580,000 cubic feet. It was argued

that it was very much greater than the capacity of the Canadian Government Merchant Marine. What I am trying to show is that this capacity of 580,000 cubic feet includes the space between the shelter deck and the main deck and the holds, and I maintain that this vessel cannot be be loaded to capacity in both places, therefore the capacity is not 580,000 cubic feet at all. That is what I want to show.

Mr. SYMINGTON, K.C.: Certainly the 580,000 cubic feet does include the space between the decks.

Hon. Mr. STEVENS: I know that.

Mr. SYMINGTON, K.C.: I am suggesting however, that what you can put in depends upon the density of the cargo.

Hon. Mr. STEVENS: All through my remarks I have used the words "density of cargo." Mr. Duguid has spoken of the capacity of 45 cubic feet to the ton, which is a fair amount. He does say that if you take a light cargo, like cotton or baled goods, that it would probably fill the whole space. I am asking a question, that is, if we must take 60 per cent of wheat, and if this vessel is loaded with cargo of average ordinary density, could it carry cargo in the upper space without sinking it below the load line?

The WITNESS: No.

By Hon. Mr. Stevens:

Q. Therefore, the cubic capacity of this vessel, stated to 580,000 cubic feet, which includes the cargo space below the main deck and between the shelter deck and the main deck, is not the correct cubic capacity or carrying capacity of the ship; is that right?—A. It all depends upon the density of the cargo you are carrying. If you are carrying light cargo, you can load the ship to the top of the cargo deck; if you are carrying cargo of average density, you can only load her to the main deck.

By Sir Henry Drayton:

Q. What would be the contents there?—A. I should have to make a calculation of that. If you will give me about two minutes, I will do it.

Sir EUGENE FISET: If a dense cargo of that kind will fill it up to the 'tween deck, I do not believe you can load a ship even with grain, right up to the maximum load. You must leave something to be carried on the main deck, it is not possible to load a ship in that way.

By Sir Henry Drayton:

Q. Take any cargo of any average density?—A. Grain is 18 cubic feet to the ton.

The CHAIRMAN: Let the witness finish his calculations, then he will be better prepared to answer our questions.

Mr. RINFRET: Very well, Mr. Chairman. The question I was going to ask was this: is this the first time the witness has seen these plans?

The CHAIRMAN: Yes.

By Mr. Rinfret:

Q. Are you of opinion that you can, by a rapid calculation, form an opinion upon the questions we are now particularly dealing with?—A. Yes.

Q. You are labouring very hard, I am afraid?—A. I don't think so.

Mr. RINFRET: I must admit, with all due deference to the witness, Mr. Chairman, that I would be better convinced if I had known that he had had the plans before him for a while.

The WITNESS: I have the plan before me. Perhaps that is why I look a bit worried.

Mr. RINFRET: But it seems to me to need some slow study and some concentration; in other words, I do not think the witness, in all justification, can form an opinion as rapidly as he is asked to do to-night.

The CHAIRMAN: I will say this, that if the witness feels he is not doing himself justice, he has only to so state, but if he feels he can accurately reply to the questions put to him, we will be glad to hear from him.

Mr. BLACK: All these ships have plans of the holds. It is altogether likely that Sir William has the plans showing the cubic capacity of that ship already figured out.

The WITNESS: Mr. Chairman, it is impossible to answer the questions unless I make a calculation. I have made this calculation; the total cubic contents I mentioned of 580,000 cubic feet, I have estimated that there is a deduction of 140,000 cubic feet on the shelter 'tween deck, which leaves a balance of 440,000 cubic feet under the main deck.

Hon. Mr. STEVENS: I do not see any difficulty in answering that.

By Hon. Mr. Stevens:

Q. Now, Mr. Duguid, regarding corrugations; have you had any experience with corrugated ships?—A. No. I have never seen a corrugated ship.

Q. And you have never had anything to do with them?—A. No.

Q. I do not suppose it is any use asking any questions about something you have never studied, in connection with these corrugated ships, because it would be brought into question at once?—A. Surely.

Hon. Mr. STEVENS: I do not think therefore that I will ask any questions along that line. That is all, Mr. Duguid.

By Sir Henry Drayton:

Q. How does that compare with the 8,000-ton boat of the Canadian Government Merchant Marine?—A. They adopt a ship which is called the main shelter deck; the 8,150-ton ships are what are known as the Three Island type; they have a poop, bridge and forecastle, and in addition the Canadian Government Merchant ships have an extra 'tween deck.

Hon. Mr. STEVENS: Would the witness mind indicating to the Committee where that extra 'tween deck goes?

The CHAIRMAN: He can indicate on the plan before him where the extra deck goes, on the Government ships. Mark it with the letters ZZ.

Mr. RINFRET: What do you call the Government ships, Mr. Chairman?

The CHAIRMAN: The Canadian Government Merchant Marine.

By the Chairman:

Q. Just describe where that is, Mr. Duguid.—A. The extra 'tween deck is situated below the upper deck and the main deck, and runs between the forward boiler room bulkhead forward to the collision bulkhead and from the after engine room bulkhead to the stern. The height of that 'tween deck is 9 feet, and I have marked with a line and the letters ZZ the relative position that it would have if it appeared upon the blueprint now before me.

Q. Is that right?—A. Yes, sir.

Sir EUGENE FISET: Will you describe that 'tween deck?

The CHAIRMAN: Shall I ask the stenographer to read it?

By the Chairman:

Q. There are two decks; there is the main deck and the 'tween deck; there is no shelter deck in the Government boat, is that right?—A. That is right, except on the 10,500 ton ships; they are built on the closed shelter deck type.

By Hon. Mr. Stevens:

Q. In your opinion, Mr. Duguid, would this ship be more suitable for the carriage of general cargo if it had a 'tween deck similar to the Canadian Government Merchant Marine ships?—A. I am of the opinion, sir, that the depth of the hold forward particularly is rather great for the carriage of general cargo. The depth here, about the middle of number 2 hold, is about 26 feet, or 28 feet. I think that in the carriage of general cargo, and in order to save the damaging of cargo in the lower part of the hold, that it should be lower.

Q. And would be better with a 'tween deck?—A. It would alter the design. It would alter the design if you added another 'tween deck.

By Mr. Black:

Q. Put it in another way; the Canadian Government 10,000-ton ship with 'tween decks is more suitable for the carrying of cargo out of Montreal, such as is supplied there than a model such as is before you?—A. I think the Government ships, sir, are most suitable to the general cargo.

By Mr. Shaw:

Q. Mr. Duguid, I understood from your description that you know the designs of the Canadian Government ships?—A. Yes.

Q. I understand that there are two of 10,700 tons dead weight each.—A. Quite so.

Q. And 25 with a dead weight tonnage of 8,450 tons?—A. That is right.

Q. I understand further that the two heaviest ships I have mentioned, of 10,700 tons each, are oil burners?—A. Correct.

Q. And that five of the 8,450 tons are oil burners.—A. That is correct.

Q. Now I am also told that the sea speed loaded of the two largest ships is 12½ knots per hour?—A. Fully.

Q. And that the sea speed loaded of the 25, 8450 deadweight ton ships is 11 knots per hour?—A. Right.

Q. And I am also told that the two largest ships and 11 of the 8450 ton ships are already equipped with refrigerator space?—A. Correct.

Q. I am also told, Mr. Duguid, that the two largest ships have three decks each?—A. Correct.

Q. And that all of the 8450 ton ships, as well as a lot of the others, lesser ton ships, have 'tween decks or two decks?—A. Correct.

Q. All these ships, I believe, are built under the inspection of Lloyds Register?—A. Lloyds, and the British Corporation, both classifications.

Q. These ships, I understand, are registered under Canadian register, are they, now, or are you familiar with that?—A. Every one.

Q. Now can you tell me what is the reason why the ships are registered—the other ships of the Canadian service, are registered under the British register rather than the Canadian?—A. I cannot answer that.

Q. One other question. I spoke to you about the speeds of these various ships. Now I am told and you may perhaps confirm the information I have, that the speeds I have mentioned are the sea speeds loaded; that is, not the trial speeds, it is the sea speed of these ships fully loaded.—A. Under fair weather conditions.

Mr. Shaw: That is all.

The Chairman: Mr. Shaw, might I ask you to direct the same question as you directed to Mr. Duguid, about the reason why certain ships are under British register rather than the Canadian register, to the Deputy Minister, who is here.

Alexander Johnston, recalled.

Mr. Johnston: There really is no reason that we have ever been able to discover. It is a matter of choice with vessel owners as to whether they shall

have their vessels registered here or in the United Kingdom, or as a matter of fact in any of the British Colonies. They enjoy the same privileges no matter where they are registered.

By Mr. Shaw:

Q. Mr. Johnston, I am told that it is a great deal more expensive and a great many more restrictions are imposed in order to secure Canadian registry than under British registry?—A. That is not so.

Q. Are the restrictions in both cases exactly the same?—A. In so far as registry is concerned.

Q. Are the requirements for inspection and so on under the Canadian laws and Canadian registry, of the same standard as the British registry?—A. We think they are, although I am not so sure that our regulations, in so far as steamboat inspection is concerned, are not more rigid and exacting.

Q. That is what I have understood, that the regulations are much more rigid and much more exacting than registration under British registry requires. Now what about the matter of expense of the registration in either case?—A. I should not suppose that there is any difference in so far as the matter of expense is concerned, there is no expense. Mr. Hawken, who really is the officer in the Department who knows much more about the question of registry than I do, now tells me—and you may accept it as correct—that fees are charged in the United Kingdom for purposes of registry. Whereas with us we charge no fees.

Q. What is the reason that such steamers as the Canadian Pacific are registered under British rather than Canadian registry?—A. The Canadian Pacific vessels, trading on the Atlantic, are, in the main I think, or wholly, registered in the United Kingdom. Those trading on the Pacific are registered with us. The Canadian Pacific probably have reasons of their own.

Q. It must be to their advantage, I take it?—A. Doubtless they think so.

Q. I should think their inclination would be to register under the Canadian registry if there were equal facilities and the restrictions the same?—A. Well, I think it may be that at an earlier period the facilities for the repair of ships in this country were not at all such as would induce the owners of large vessels to have them registered here, and undergo inspection here. Our docking facilities, until a comparatively recent period, were not readily available for the larger type of vessels. I am not suggesting that that is the reason but I do think it may possibly be the reason that has led to the registration of the larger type of vessels in the United Kingdom rather than with us.

By the Chairman:

Q. Mr. Johnston, I was told the other day and I would like to be sure whether my information was right or whether it was not, that a ship requiring British registry has only to produce its Lloyds certificate in order to obtain British registry; while a boat to obtain Canadian registry has to produce not only the Lloyds certificate but also has to undergo the Government inspection. —A. That is right, and that is one of the provisions of the Canada Shipping Act.

Q. Does not that provision of the Canada Shipping Act demand from shipowners, who are registering on Canadian register, a Government inspection over and above Lloyds inspection which only was required in Britain?—A. I think that statement is correct, sir.

Q. What is the object of our being more exacting in Canada in regard to the registration of ships, than they are in Great Britain?—A. I am free to say at once that I never could see any very good reason for it.

Q. Does it not impose upon our shipowners a burden greater than their British competitor has to bear?—A. To that extent.

By Mr. Stork:

Q. Is there not a Government inspection in Great Britain as well?—A.

There is a Government inspection in Great Britain, but Lloyds inspection—more particularly in the cargo boat—is accepted in lieu of Government inspection; whereas under the terms of our statute we are not permitted to accept Lloyds.

By the Chairman:

Q. You are not permitted to accept Lloyds inspection and have to make another of your own?—A. Yes.

Hon. Mr. SINCLAIR: Is our inspection more searching?

By the Chairman:

Q. Mr. Sinclair asks whether our inspection is more searching than that of Lloyds?—A. I would not like to suggest that it is. I would not like to suggest that Lloyds inspection is not a thorough inspection in every way, more particularly where the inspection is carried out by what is known as an exclusive surveyor.

By Mr. Rinfret:

Q. Is it made at the expense of the company?—A. Of the vessel owner.

Q. Of the company owning the vessel, the vessel owner?—A. Yes.

The CHAIRMAN: One moment, Mr. Rinfret. Mr. Sinclair had another question to ask and Sir Eugene had a question.

By Hon. Mr. Sinclair:

Q. I just wanted to ask Mr. Johnston if the difference was that our Shipping Act demanded simply that we make our own inspection and not accept any other inspection; we make our own inspection for registry, that is all the difference?—A. Yes.

The CHAIRMAN: Sir Eugene?

By Sir Eugene Fiset:

Q. May I ask if, legally speaking, there is any objection whatever, if the Government decides to do so, to compel the Canadian steamship companies to register in Canada? Is there any legal objection to that under the Canadian Shipping Act?—A. There is no legal objection to their registering here but there is no legal machinery whereby they can be compelled to register here.

Q. Suppose the machinery was created? Can we create the machinery here? —A. I don't think we can. The Merchant Shipping Act of the United Kingdom gives any vessel any privilege that we can give.

Q. So that it would be a matter of common consent for them just to do so? —A. Entirely a matter for themselves.

Q. Secondly, is it a fact that the Merchant Marine in the early part of its existence had British instead of Canadian registry?—A. No, every vessel constructed here was originally registered here.

By Mr. Rinfret:

Q. My question was whether that inspection involved expense on the part of the vessel owner. I understand Mr. Johnston said "Yes."—A. Yes.

Q. That would very likely account for the fact that the shipowners would rather register in England. I remember Sir William Petersen himself said he would register his ships in Canada but he wanted to save money. I suppose that would be the reason. So it is really more costly to register a ship in Canada at present.—A. It is, by reason of the fact that the vessel owner, whether he has inspection by the Canadian Government or not, will for the purposes of his insurance, require to be certificated by Lloyds, by the British Corporation.

By Sir Eugene Fiset:

Q. But you compel those people to pay for that examination here?—A. Yes, we do.

Q. Is that a Departmental regulation?—A. No, it is a Statutory provision.

By Mr. Symington, K.C.:

Q. One question of Mr. Johnston while he is on that subject. Mr. Johnston, have you considered that the Merchant Shipping Act, the Imperial Act, applies all over the Empire?—A. Yes.

Q. And overrules any Act we might pass?—A. That is my understanding.

Q. That is your understanding as Deputy Minister?—A. Yes.

The CHAIRMAN: As a matter of fact, Mr. Symington, I went into the Department of Justice the other day, and I asked them if they would give me a formal opinion on that very point.

Mr. SYMINGTON, K.C.: That is all right then.

The CHAIRMAN: Mr. Black, did you have a question you wanted to ask?

Mr. BLACK (Halifax): You have had some discussion on that point of inspection; I did not get it all, but I will merely remark that the shipowners of the Maritime Provinces have, for years, been protesting against this double inspection. Lloyds, or the representative of Lloyds, will come one week and inspect the boilers of a ship, put them under heavy strain, and so on, and next week along comes the Canadian inspector and he has to do the same thing. It is an outrage that some arrangement cannot be made between these authorities, that a certificate by one could be accepted by the other.

By Mr. Black (Halifax):

Q. May I ask the witness, looking at this plan if, in his opinion, the facilities for loading and discharging connected with that ship will enable her to handle her cargoes in and out any more quickly than can the larger ships of the Merchant Marine?

The CHAIRMAN: Just give us that question again, Mr. Reporter. This is addressed to Mr. Duguid?

Mr. BLACK (Halifax): Yes.

(Whereupon by direction the reporter read back the last preceding question.)

The WITNESS: The hatch arrangements, the number of hatches is practically similar to the Merchant Marine boats; the derricks—there is one more. I do not think there is very much difference in the arrangement which would enable a cargo to be loaded or unloaded very much, if any, quicker than in the government boats.

The CHAIRMAN: Now, has any one any further questions?

By Mr. Symington, K.C.:

Q. Mr. Duguid, you designed the Merchant Marine boats?—A. Yes.

Q. They are your ships?—A. Yes.

Q. You are rather proud of them?—A. Modest.

Q. Now, do you know of an engineer, Mr. Alexander Murray, of Glasgow?—A. No, I do not know him.

Q. A marine architect?—A. No.

Q. Of Glasgow and London?—A. No.

Q. You know of the firm of Harlan and Wolfe?—A. Yes.

Q. A high-class firm?—A. Yes.

Q. With able architects, no doubt?—A. The best.

Q. Who have designed great ships?—A. Yes.

Q. Now, let me ask you, is it not so that the more cubic capacity you can get in a boat, the better, because you can get more lighter cargo?—A. That is true.

Q. And that is true about that boat, is it not?—A. Yes.

Q. That is, you can build a boat and fill it to its water line with heavy cargo, but the more cubical space which you can load, the more lighter cargo, the better?—A. Yes.

The CHAIRMAN: Just answer distinctly, so it will get down in the notes.

The WITNESS: The answer is "yes".

By Mr. Symington, K.C.:

Q. Would you see if this statement is correct, with respect to this shelter deck type, as it has been called? Shelter deck space is not included in the registered tonnage, ordinarily?—A. Correct.

Q. But dry and perishable cargoes are admissible and carried in the same between decks?—A. Correct.

Q. Dry and perishable cargo can be carried in that space between these decks?—A. Yes.

Q. Shown on that plan?—A. Yes.

Q. The difference between the shelter deck and other types is that the main deck is the lower deck in the former, and the upper deck in the latter?—A. Would you mind repeating that?

Q. The difference between the shelter deck type and the other type is that the main deck is the lower deck in the former and the upper deck in the latter?—A. Correct.

Q. An the shelter deck is a lighter structure, with lighter scantlings superimposed over the main deck tonnage?—A. An open shelter deck.

Q. The measurements are made from main deck downwards; other older types of vessels having upper deck as main deck are allowed greater immersion and less freeboard?—A. Yes.

Q. Any kind of cargo, perishable and otherwise, and cattle, can be carried in 'tween decks or the shelter deck type?—A. And cattle?

Q. Yes?—A. Correct.

Q. And the gross registered tonnage is the cubic capacity of the vessel below the main deck, plus certain small additions for hatchway and houses, ascertained according to the Board of Trade scale, divided by a constant?—A. That is correct.

Q. Is that constant one hundred?—A. One hundred.

Q. In order to convert to tons net register tonnage? That is the way you convert it into net register tonnage?—A. Yes, by dividing by one hundred.

Hon. Mr. STEVENS: I think, Mr. Symington, you used a term there Mr. Duguid did not catch. You said the gross registered tonnage, and I do not think it is the gross registered tonnage.

The WITNESS: You are talking about the gross tonnage.

Mr. SYMINGTON, K.C.: Gross registered tonnage is what I said, but you say gross tonnage?

Hon. Mr. STEVENS: Is there such a thing as "gross registered tonnage"?

The WITNESS: The word "registered" is not used in connection with it.

By Mr. Symington, K.C.:

Q. This tonnage—that is, the net register tonnage—is roughly one-third less, allowances for space occupied by the crew, propelling, and stores—.

The CHAIRMAN: I suppose "propelling machinery"?

By Mr. Symington, K.C.:

Q. Propelling machinery, boiler room, and stores.—A. Would you repeat that?

Q. The net register tonnage is roughly one-third—.

The CHAIRMAN: Why not ask him what the net register tonnage is, and he will tell us.

Mr. SYMINGTON, K.C.: I think it is easier for us to get it this way; I do not think any of us are technical enough to put this in our own language.

By Mr. Symington, K.C.:

Q. This tonnage is roughly one-third less, with allowances for space occupied by crew, propelling machinery and stores. Is that right?—A. I do not quite follow the way you put it sir. I might say that the net tonnage of a ship of this description is from 60 per cent to 65 per cent of the gross tonnage.

Q. 60 per cent to 65 per cent. That is roughly two-thirds?—A. Do you mean a one-third reduction?

Q. Yes.—A. Yes, that is the same thing.

Q. One-third, and in addition to that you take off the crew space and so on, and that would bring it to about what you say?—A. Yes, 60 per cent to 65 per cent.

Q. With respect to unloading, is electrical machinery an improvement?

The CHAIRMAN: What was that?

By Mr. Symington, K.C.:

Q. With respect to unloading, is electrical machinery an improvement?—A .I think it is, for Canadian climates, yes.

Mr. SYMINGTON, K.C.: That is all, I think.

The CHAIRMAN: Are there any further questions?

Mr. MCKENZIE: There is just one question I would like to ask.

By Mr. McKenzie:

Q. Do I understand you to say, Mr. Duguid, that cattle and perishable cargo could be carried in the shelter deck space?—A. Yes sir.

Q. Or, "cattle *or* perishable cargo?"—A. "Or?"

Q. You could not carry cattle and perishable cargo at the same time in that shelter deck?—A. I do not think so.

Q. Could you, as a matter of fact, carry in the shelter deck space different commodities which would be subject to taint, one would taint the other? Could you do that in the shelter deck space?—A. Divided off as the shelter deck would be, yes.

Q. There are no bulkheads in a shelter deck?—A. You could put bulkheads in, provided you leave a certain space at each side of the ship open.

Q. Are those steel bulkheads?—A. They may be steel or wood.

Q. Immediately you put steel bulkheads in, do you not come into the sphere of tonnage dues?—A. Not if you leave the opening.

The CHAIRMAN: Any more questions? If not, I will discharge the witness, with the sincere thanks of the committee for the able way in which he has enlightened us.

The witness discharged.

The CHAIRMAN: Now, the next witness. Have we finished with every one except the Minister? Will Mr. Low come forward?

THOMAS ANDREW LOW called and sworn.

By the Chairman:

Q. Your name is Thomas Andrew Low?—A. Yes sir.

Q. You are the Minister of Trade and Commerce of the Dominion of Canada?—A. Yes.

Q. Your home is in Renfrew, when you are at home?—A. Yes sir.

The CHAIRMAN: Sir Henry, you had some questions to ask Mr. Low.

Sir HENRY DRAYTON: Yes.

By Sir Henry Drayton:

Q. Mr. Low, we have learned that Sir William Petersen met you in London and handed to you a memorandum setting out the terms under which he would be willing to discuss this question with you. Have you that memorandum?—A. Yes, I think the whole thing is in that confidential file.

Mr. RINFRET: Mr. Chairman, this is going to be very important and interesting evidence, and I wonder if Sir Henry Drayton would favour us by moving closer to the witness and giving everyone a chance to hear him?

Sir HENRY DRAYTON: Yes, I will do that.

The CHAIRMAN: That is a very good suggestion.

The WITNESS: I might say, Mr. Chairman, that that is a confidential file between the Cabinet, myself, and Sir William Petersen.

By Sir Henry Drayton:

Q. The first thing I note is that we have the memorandum which starts out (Reading:—

> "X is prepared to negotiate with the government for a steamship service between Canada and Great Britain:—
>
> "(1) To be independent and free from the control of the Atlantic Steamship Combine or Conference."

The CHAIRMAN: I must ask every one in the room to maintain perfect quiet while this evidence is going on.

Sir HENRY DRAYTON: I do not know that we need read all that, Mr. Chairman; it seems to be very largely following the previous discussion we have had. This is different, I think. (Reading):—

> "X is now building a fleet of ten of the highest class ships of the most modern type, with internal combustion engines and up-to-date improvements such as electric appliances for loading and discharging, and to ensure economy and efficiency as to speed and fuel consumption, in internal fittings. These vessels will be, if necessary, delivered at as early a date as possible, so as to be available for the purpose intended in the foregoing. X understands, from conversations that have taken place with representatives of the government, that it is desirable that the Canadian products shall be carried overseas at lower rates than have been quoted or that are now quoted or will be quoted by the North Atlantic Steamship Combine, and that the lower emigrant rates are desirable from overseas to Canada. These are now available, and X desires to give these requirements. It is open to mutual arrangement whether provision for the steamship provision referred to shall be along certain lines, say,
>
> "(1) X will find three-quarters of the capital required.
>
> "(2) The government to find one-quarter of the capital required.
>
> "(3) The government to supplement the said one-quarter of the

capital by a subsidy to be agreed upon between the contracting parties, and sufficient to ensure the running of the ships at a much lower emigrant and freight rate."

Just at that point I want, Mr. Low, to ask you what was that low emigrant and freight rate; was the figure discussed at all?

Mr. SYMINGTON, K.C.: It is in there, in the earlier part of it, £6 to £8.

The WITNESS: £6 to £8 ; it is in there some place. Oh yes, No. 3, that is, "six to eight pounds." That is right. That was the rate. (Reading):—

"X proposes the following: X will issue a company in England on the following lines of capitalization; that is, (a) five per cent debentures representing fifty per cent of the value of the ships £675,000, and (b) seven per cent second debentures £400,000, and (c) ordinary shares to be subscribed by the Dominion Government, £500,000; the resultant total is £1,575,000.

"The capital £1,575,000 to be utilized as follows: in payment of ships £1,350,000; working capital £100,000; in payment of issue of new company, stamp dues, underwriting and other preliminary expenses, £125,000, making the total of £1,575,000.

"The balance of the ordinary shares shall be held by the Dominion Government who will undertake to hold the same.

"X to have the management agreement with the proposed new company on the lines of management existing with steamship companies now managed by X, and will organize and operate the ships in the Atlantic or other routes as may be deemed expedient and to the advantage of the Dominion Government and undertakes to work loyally with the Canadian Government Railway System and its present fleet of ships."

Q. What was meant by that, Mr. Low?—A. That last clause?

Q. "The balance of the ordinary shares shall be held by the Dominion Government"; was the Dominion Government to put up the money?—A. The Dominion Government was to put up a certain amount there, and they were to hold all the common stock.

Q. And apparently they were to put up £500,000; is that so?—A. I think so.

Q. Then, "X to have the management agreement with the proposed new company on the lines of management existing with steamship companies now managed by X". What was that?—A. That was another company, which has been referred to before this Committee, and they were to manage the shipping in England.

Q. That is the Thompson Company?—A. I do not know what he had in mind. I presume he had one of his own companies. He did not state the name of the company.

Q. Did he state the bases of the management agreement, and what the existing lines of management were?—A. No, we did not go into that detail at all.

Sir HENRY DRAYTON (Reading):—

"The fixed charges on the 10 ships referred to in the preceding paragraph would work out as follows: five per cent debentures per annum"—the debentures were £675,000—"per annum, £33,750; seven per cent second debentures £400,000, per annum, £28,000; redemption of debentures and depreciation, say, £91,750".

Q. Could you tell us conveniently, at this point, Mr. Low, the processes under which we work up from an annual charge of £91,750 to the annual charge covered by the present agreement?—A. Well, that charge there (indicating)

represents interest on the debentures alone; the other represents interest and depreciation and interest on the common stock.

Q. Oh, and other things as well?—A. Yes, other things as well.

Q. And other things as well?—A. Yes.

Q. I was just wondering what the process was in working up the ante here from £91,750—perhaps it would be convenient to tell me what the next proposal was, before we go on with this?—A. You will find them all in order there.

Q. Perhaps you can tell me which one, then?—A. They are right in order there.

Q. Well, then we may have to go through it that way if it is more convenient to you, but we will have to come back to it. (Reading):—

> "Subject to ordinary expenses, such as insurance, crews' wages, provisions and management, the balance of revenue including the suggested subsidies would belong to holders of the ordinary share capital of the company".

That would be the country?—A. The Dominion Government, yes.

Sir HENRY DRAYTON: (Reading):—

> "In order to cope with the developments in freight traffic which are bound to follow, the shipping project referred to should be based upon extensive immigrant business. If it is approved, a further fleet of ships of larger size, special design and higher speed will be required. Such additional fleet would probably cost £2,000,000. Of this additional capital X would also undertake to provide three-quarters as against the guarantee by the Dominion Government on the lines already suggested. With such up-to-date ships and line organized on the basis suggested, the Dominion Government will be in a position to insure transportation of all products at the absolute minimum rates, independent of the Atlantic Combine, or any other competing lines.
>
> "It is suggested that the co-operation in the suggested service include the service now under the control of X, and the Canadian Government Merchant Marine, and may be carried out so as to avoid the annual deficit, to which the Canadian Government Merchant Marine is subject.
>
> "The further possibilities of enlarging the suggested service so as to include ordinary passenger accommodations may be considered as possibly a further development. It might also be advised that the Dominion Government shall agree that the earnings on the ordinary stock held by them shall be applied to a further reduction in freight rates on particular commodities named by the Dominion Government, or to an extension of the services.
>
> "In order to complete the fleet now building, and to build the additional ships that are necessary, and also afford time for organization, it is most essential that the negotiations shall be strictly confidential as between X and the Canadian Government. That is necessary in view of the very powerful influences being exercised to prevent such service being brought into existence.
>
> "X will enter into a definite agreement to carry the entire undertaking upon the terms to be arranged as a result of these preliminary negotiations. X is confident it is possible to manage such a service to the satisfaction of the Dominion Government and with advantage to the Dominion of Canada, and would be glad to have further conversation on this subject with a view of arriving at a mutually satisfactory agreement, in order to carry out the ends submitted in the earlier part of this memorandum.

"X submits that by the proposal on the basis of this proposal, it will be possible to secure for Canadian products the most efficient and cheapest transportation in the world.

"X proposes as part of the general transportation project that the Government make a careful survey of the conditions under which wheat is carried between the upper lakes and Montreal and Quebec by water, and Winnipeg and Quebec by rail, with a view of securing the closest connections with the proposed Atlantic service, at a minimum cost, together with an effort to divert a portion of the western wheat through a Canadian channel, which is now consigned to Europe through United States ports, thus avoiding the obvious disadvantage to Canadian interests under existing conditions."

By Sir Henry Drayton:

Q. Now, Mr. Low, are we right in understanding that this interesting document was handed to you by Sir William Petersen the first day you saw him in London?—A. No, not the first day.

Q. Which is the one that was handed to you the first day?—A. This was handed to me two or three days later. There was none handed to me the first day. This (indicating) was handed to me two or three days after our first meeting.

Q. You got that two or three days after you had first broached this subject with Sir William?—A. Yes.

Sir HENRY DRAYTON: I suppose we need not take up the time about the second proposal; that is, the proposal as to the boats for immigrants, and possible passengers, because that has been done, so we can drop that phase of it; it is a fairly long phase. That is marked "Agreement, first form" is it not?

The WITNESS: Yes, that is the first form.

By Sir Henry Drayton:

Q. Then we have the agreement of the second form. When was that arrived at?—A. That was submitted by Sir William Petersen after he arrived in this country.

Q. That was submitted by Sir William after he arrived here?—A. Yes.

Q. Is this his lawyer's agreement—an agreement drafted by his lawyer?—A. I do not know who drafted it; it was submitted by Sir William.

By the Chairman:

Q. Handed to you by Sir William himself, sir?—A. Handed to me by Sir William himself.

By Sir Henry Drayton:

Q. About when would that be?—A. In November.

By the Chairman:

Q. Of last year?—A. Yes.

By Sir Henry Drayton:

Q. Whom did you see in connection with this agreement, Mr. Low?—A. It was submitted to Council.

Q. This first one?—A. Yes.

Q. It was submitted to Council?—A. Yes; there was nothing done in connection with it.

By the Chairman:

Q. Nothing done in connection with what?—A. The second agreement.

Sir HENRY DRAYTON: The second form.

By Sir Henry Drayton:

Q. Can you tell me, from memory, what the subsidy was in that?—A. I think it is set forth in the agreement there; I do not just recall what the terms were; I have not read it over to-day.

Q. I notice this also contemplates the immigration business, does it not? —A. Perhaps so.

Q. (Reading): "The Government agrees to carry immigrants"—for example, on page 4—"from Great Britain or the Continent of Europe to Canadian ports at rates to be fixed by the contractor and representatives of the Minister." In the first draft it read, "Not less than six pounds nor more than eight pounds," but that has been changed to "between six and eight pounds."

This agreement, Mr. Chairman, still continues the idea of a partnership, so I do not believe we need bother very much about it.

By the Chairman:

Q. After all, that idea was abandoned?—A. It was abandoned, yes.

By Sir Henry Drayton:

Q. Now, we have the third summary. This is marked "third summary." None of them seem to be dated at all.—A. They are dated in blank.

Mr. SYMINGTON, K.C.: In November.

By Sir Henry Drayton:

Q. One in blank?—A. They are in blank. It gives the month there.

The CHAIRMAN: The date is not fixed, but the month of the year is?

The WITNESS: Yes.

The CHAIRMAN: The second summary is in November, and the third is in November, too.

Sir HENRY DRAYTON: Mr. Chairman, during the interim I have hurridly read over this file with Mr. Low, and I think we can cut out a lot of documents on the file that do not seem to be of any very great importance.

By Sir Henry Drayton:

Q. The next one I note that has a change in it, and which perhaps I ought to call the attention of the Committee to, is the memorandum of ..ovember 19th, received by the Minister on November 19th. Those are your initials, Mr. Low?—A. Yes.

Q. Dated by the Minister himself?—A. Yes.

Q. Under this memorandum it is stated:—

> "It is proposed to make an agreement with the contractor for the formation of a company which will establish a fleet of ten ships plying between Great Britain and Canada. These ships, two of which are now under construction, to be of approximately 9,000 tons each and having a speed up to 11 knots per hour. They are to be modern in every particular, oil burning, and with cold storage and cattle accommodation. Maximum rates for all commodities to be exported are to be fixed by and with the control of the Government. The ten ships are to cost approximately 1,350,000 Pounds, of which three-quarters are to be found by the contractor, and the remaining one-quarter by the Government. The Government will also find 150,000 Pounds for the formation and organization expenses of the company, including underwriting, stamp dues and naval architect's fees, and a further 150,000 Pounds working capital, and all ordinary shares except directors and other qualifying

shares shall be issued to the Government, who will control the same. The Government will pay the company annually a subsidy of 150,000 Pounds for ten years, commencing June 1st, 1925. There will be ten directors, six to be appointed by the contractor and resident in London, and four by the Government and resident in Canada. The company is to be managed according to the usual management agreement by the contractor's firm."

Did you get any further or other information upon that point, Mr. Low; do you know what commission was collected under that management agreement?—A. I was told they were going to charge us 5 per cent.

Q. Who told you that—Sir William Petersen?—A. Sir William Petersen.

By the Chairman:

Q. Five per cent on what?—A. On the business of the company.

By Sir Henry Drayton:

Q. Which you received?—A. Which we receive.

Q. "The contractor to have the right to issue 25,000 deferred shares of a par value of one Pound each, for organization purposes, to carry a right to one-third of the net profits after a 10 per cent dividend has been earned or paid upon the ordinary shares. That the cost of operation, including fixed charges and all other expenses is estimated as per schedule attached. These figures have been checked and verified by Mr. Teagle, of the Canadian Government Merchant Marine. Forms of agreement are ready to be placed in the hands of the proper department for approval."

It is still contemplated by the Government to make an investment in the stock?—A. Yes.

Q. On which a 10 per cent dividend apparently was to be paid?—A. Yes.

Q. They were also to give a subsidy of 150,000 Pounds?—A. Yes.

Q. Under that arrangement?—A. Yes, and certain other advances.

Mr. SYMINGTON, K.C.: Three hundred thousand.

By Sir Henry Drayton:

Q. The basis of payment of certain things is continued, but the subsidy goes from 91,750 Pounds to 150,000 Pounds?—A. Yes.

Q. Was any detail at all discussed between you and Sir William Petersen as to that, Mr. Low?

The CHAIRMAN: As to what?

By Sir Henry Drayton:

Q. In connection with this increase in the subsidy?—A. No, it is all contained in the memorandum there.

Q. Then after that we have what seems to be the suggestion which in the long run practically is the one carried out?—A. Not that one.

Q. Not that one?—A. No.

Q. This is a letter of November 30th, which involved a definite fixing of rates?—A. And advances I think in that clause.

Q. Well, let us see about that.

"The suggestions you made to me on Friday last have been carefully considered by me over the week-end."

Those suggestions were that the ocean rates be definitely fixed at a maximum of two-thirds of the ocean rates at present in force?—A. That arrangement was never carried out.

Q. The second is:—

"That your Government lend me sufficient money on my personal guarantee collaterally secured by third debentures of the shipping company to be formed by me, in order that the scheme may be carried out along the lines first suggested by me but avoiding the question of public ownership."

That was not carried out?—A. No.

Q. "With regard to the first suggestion, I believe it would be most advisable and to the best advantage of the citizens of Canada that the control of ocean rates should rest in the hands of the Government, and in order to meet the objections which have been raised to direct Government control of such freight rates, I respectfully venture to suggest the following:—

"(*a*) The Government shall create an office to be termed Controller of Freight Rates."

The CHAIRMAN: May I ask this, Sir Henry; the letter you are reading is from whom to whom?

Sir HENRY DRAYTON: It is from Sir William Petersen to the Minister, Mr. Chairman.

"(*a*) The Government shall create an office to be termed Controller of Ocean Freight Rates.

"(*b*) That this office shall be filled by someone who is well acquainted with foreign trade conditions and ocean transportation, and in whose judgment and ability the Government has confidence."

The WITNESS: That was the suggestion made by Sir William Petersen to the Government.

By Sir Henry Drayton:

Q. "(*c*) That this official shall exercise control over ocean freight rates, acting in co-operation with the Departmental head wherein his office may be located, and with the railway and steamship companies.

"(*d*) That his duty shall also be to act in close touch with manufacturers, producers and exporters, endeavouring to arrange ocean freight rates mutually satisfactory to all parties concerned, and thereby create a new artery to be kept in touch continuously with the trading community of the country.

"Finally, that these responsibilities would place the Government in the same position as to ocean freight rates as it now is with the Canadian National Railway, and the Board of Railway Commissioners."

What action was taken by the Government on the suggestion that the Government should, as stated by Sir William Petersen, control rates in this way?—A. There was no action taken upon that suggestion at all.

Q. No action taken at all?—A. No.

Q. I point out to you that that would not cost anything except his salary, the salary of your official and the maintenance of an office. Why was that suggestion not gone on with? You had it from a practical steamship owner and operator. Why wasn't that done?—A. The whole proposal was turned down, and a new agreement entered into. In that letter there is a suggestion that we fix the rates definitely, and provide certain capital. That arrangement was abandoned altogether.

Q. We here have it in a concrete definite arrangement?—A. Read the clause again, the one you have asked me about.

The CHAIRMAN: Wouldn't the whole letter have to be taken together, Sir Henry?

Sir HENRY DRAYTON: The whole letter can be taken together; we can take what seems reasonable in it and what seems unreasonable in it and jumble it all up together, or we can take hold of something which in the opinion of Sir William Petersen would enable this country to regulate its ocean freight rates, without being put to the cost of a subsidy.

The WITNESS: Read the clause again, the one you were asking me about?

By Sir Henry Drayton:

Q. Why was it turned down, can you tell us that?—A. Because the first two paragraphs of that letter contained suggestions that we could not agree to, definitely fixing the rate.

Q. The first was that ocean rates be definitely fixed at the sum of two-thirds of the ocean rates at present in force?—A. It was not considered possible to fix them definitely. That answers that question.

Q. So that all goes?—A. Yes.

Q. But what is the matter with this, and thus getting away from the question of the two-thirds altogether:—

"In order to meet the objections which have been raised to direct Government control of such freight rates."

Q. That is what you turned down here, fixing it at two-thirds of the present.

"In order to meet the objections which have been raised to direct Government control of such freight rates, I respectfully venture to suggest the following:"

And then comes this recommendation:

"That we should have some body having similar powers to the Board of Railway Commissioners in Canada, with control over Ocean Freight Rates."

A. Well, that is a matter for the Committee to recommend, if they so desire.

Q. Going to you as Minister of the responsible Department, can you tell us why that suggestion was not given any effect to?—A. It was decided upon at Council to not consider it. That is the only reason I can give without divulging what I am not to state.

Q. I am not asking for anything you think is a Cabinet secret but I would have thought the Government would have wanted to show some reason for turning down a considered opinion of the gentleman they put forward as a great authority on this subject.—A. Well you will have that to consider, Sir Henry, when you are making your report.

Q. I thought it would help you if I gave you the chance now. It is fair of course, to read the whole letter.

The CHAIRMAN: "Timeo Danaos et dona ferentes."

Sir HENRY DRAYTON: The gift here comes entirely from Sir William. He is making the same arguments for me.

The CHAIRMAN: Handed on a platter by Sir Henry.

Sir HENRY DRAYTON: "With reference to the second suggestion, I beg to advise that by lending me the amount suggested, instead of having the Government invest the same in the company, the fixed charges the company find it necessary to meet have thereby been increased to a very appreciable extent, as under the proposed arrangement the company have to provide for a definite interest charge on the amount loaned to me by the Government as well as make provision for the payment of the entire loan within the period of ten years; consequently I am of the opinion that it would be necessary to have an increase of subsidy in order to properly take care of these fixed obligations as they arise. I have attached hereto a memorandum showing how these figures are arrived at and respectfully submit the same to you for your consideration."

I take it this is the memorandum which is attached?—A. Yes.

Q. This memorandum is the memorandum which gives first:

"Debentures £675,000. Interest at five per cent per annum, £33,750. Redemption over 20 years, £30,000.

"Second: Debentures £400,000. Interest at seven per cent per annum £28,000. Redemption over 20 years, £18,000.

"Third: Debentures £550,000. Interest at five per cent per annum £27,500. Redemption over ten years, £50,000.

"Total £187,250.

"Contingencies £12,750.

"Canadian Government Merchant Marine, £25,000."

Could you tell us what this refers to, this item of £25,000 for the Canadian Government Merchant Marine?—A. I do not remember what that referred to, but the whole proposal was turned down and was not considered, on account of it containing a clause here fixing the rates definitely, and the advance of a certain amount by the Government.

Q. How much is the Government to advance?—A. Just as the cause states there, that your Government lend me sufficient money on my personal guarantee.

Q. But in your negotiations what amount was put in that sum of "'sufficient money," how much was it to be?—A. There were so many negotiations and proposals submitted that it is almost impossible to keep these figures in my mind.

By the Chairman:

Q. Do you remember, Mr. Low?—A. No, I do not, Mr. Chairman.

By Sir Henry Drayton:

Q. Will this recall it to you at all; you have still to advance under that such money as is necessary?—A. Yes.

Q. First annual subsidy, first proposition £91,000. Second, £150,000. Third, £225,000. Now in this paragraph cannot you give us something more definite? —A. No, I really do not re-call just what was included there for operating or what he asked us to advance. I think in some former letter it is stated. I think you read it here a moment ago.

By the Chairman:

Q. Was it a large or small sum of money, Mr. Low?—A. If my memory serves me right it was about £150,000.

Mr. Symington, K.C.: More than that.

The Hon. Mr. Low: I am only speaking from memory.

By Mr. Symington, K.C.:

Q. May I suggest that to get away from public ownership, as it states, instead of the five hundred and the three hundred that you were to put in—to get away from public ownership you were to loan the amount?—A. The £500,000 —it is an entirely different thing, Mr. Symington—represented the purchase price of the common stock.

Q. Quite so, and instead of that, he suggests, to get away from public ownership, you should lend it to him as against third debentures.

By Sir Henry Drayton:

Q. Now, Mr. Low, having been spoon-fed by Government Counsel, will you take the morsel?—A. I say the first proposal—

Q. He is doing his best.—A. No, I say the first negotiations were on the question of the purchase of £500,000 of common stock. That was the Government's first contribution towards the proposal.

Q. You got rid of that long ago. Let us take the erratum.

The CHAIRMAN: The errata one by one? That is rather an alarming prospect.

Sir HENRY DRAYTON: We are getting along.

Hon. Mr. STEVENS: The higher it goes the more alarming it gets. That is the amusing part of it.

By Sir Henry Drayton:

Q. Then we come to the letter of December 7th and this is where we strike the irreducible minimum is it not?—A. Yes, but before we deal with that, perhaps Mr. Chairman, you will look at this.

The CHAIRMAN: Mr. Low is anxious, gentlemen of the Committee, that I should read a letter that he addressed to the Prime Minister. It is dated November 21st, 1924. I presume no one has any objection to my reading this to the Committee?

Sir HENRY DRAYTON: Not the slightest.

Hon. Mr. LOW: I might say, Mr. Chairman, that it deals with the negotiations up to the 21st November.

By the Chairman:

Q. Recapitulating them?—A. Yes.

The CHAIRMAN: I will therefore read:—

"My dear Mr. KING,—In the Speech from the Throne at the opening of the last Session of Parliament, it was stated that the removal of discriminations in Ocean Rates on Canadian products was receiving attention, and that as a stimulus to stock raising in the Dominion and of direct benefit to agriculture, the Government had been endeavouring to obtain a lower carrying charge on all shipments of Canadian cattle.

As a first step towards the realization of the purpose outlined in the above sentences, an item was placed in the estimates to provide for the institution of an investigation into the whole matter of Ocean Freight rates on Canadian products. Mr. W. T. R. Preston was later instructed to proceed to England to make a detailed investigation into the whole matter. Following Mr. Preston's preliminary investigations in the ports I myself visited England and there continued this line of enquiry with Mr. Preston.

In England I discussed the matter with Sir William Petersen, who is now in Ottawa, to continue discussions and negotiations which we then initiated during my visit to London.

Before you left for your recent trip through the west, you will remember that a special sub-committee of Council was appointed to examine the negotiations up to that date. This sub-committee consisted of the Honourable Mr. Graham, the Honourable Mr. Robb and myself. We have had several conferences with Sir William Petersen and are now of the opinion that we have reached a stage in the proceedings where a full discussion of the whole matter should be held in Council.

The proposal which has been under discussion with Sir William Petersen might be briefly summarized as follows:—

1st. That he establish an independent steamship line to operate between English and Continental ports and Canada, the said line in its operations to be free from any connection with or control of the Atlantic Steamship Combine or Conference or any other steamship combine or Conference.

2nd. That the Government have control of all transportation rates which shall be charged by the said line or company.

3rd. That due provision be made that immigrants shall be carried from the ports of Great Britain and the Continent of Europe to Canadian ports at a rate of approximately £6 and not exceeding £8 for passenger transportation between the said European or British ports and Canadian ports.

4th. That the ocean transportation rate for cattle per head shall be so calculated as to place the cattle trade in Canada upon a profitable basis and that in no case shall the transportation charge on the carriage of cattle exceed a maximum rate which shall be fixed from time to time by the Canadian Government.

5th. That the ocean freight rate on natural and manufactured products of Canada for export shipment should likewise be fixed from time to time by the Canadian Government.

6th. That special provision shall be made for the carriage of perishable and partially perishable products to overseas markets.

7th. That a maximum ocean freight rate shall be fixed for the transportation of wheat and other grains and shall likewise be reviewed from time to time by the Canadian Government.

8th. That Canadian mails shall be carried free on the boats of the company operating under this agreement.

9th. That the said contract if recommended shall be entered into for a period of not less than ten years.

Sir William Petersen has submitted a memorandum setting forth the estimated operating cost per boat, per trip, and also the earning per boat, per trip. In arriving at this calculation, it is assumed that each boat is able to secure cargo for one way only, that is, when eastbound, and the calculation is made on this basis. While accepting this calculation, it may be safely assumed, however, that some westbound cargo may be obtained for these boats. These figures have been reviewed by Mr. Teakle of the Canadian Government Merchant Marine on the suggestion of Sir Henry Thornton. As the result of his enquiries, Mr. Teakle has slightly raised the cost figures submitted by Sir William Petersen. I have taken the further precaution of adding 25 per cent advance for contingencies to the calculations fixed by Mr. Teakle. Even on this basis, I am convinced that a reduction of at least 33 per cent in transportation could be effected by the adoption of this proposal over the prevailing rates now being charged for the transportation of our products.

Sir William Petersen proposes that he shall find 75 per cent of the capital required for the financing of the project and that the Government should provide the other 25 per cent and these sums should be further supplemented by a subsidy of £100,000 per annum. For the money to be provided by Sir William he proposes to issue first mortgage debentures to the extent of fifty per cent of the value of the ships, to provide the other 25 per cent he proposes to issue second mortgage debentures. This would leave 25 per cent of the capital of the said company in ordinary shares of common stock. This would be taken up by the Government which would thus own the sum total of the ordinary shares and would therefore have full control of the company. If at any time the first and second debentures should be retired then all the assets of the company including the boats would become the property of the ordinary shareholders, or in other words, of the Government of Canada.

There seems to be little doubt that by such an arrangement a reduction could be made in ocean freight rates, but we require to look at this matter from several different angles.

"We must remember that there is the Canadian Pacific Railway with its great fleet of ocean liners for both passenger and freight traffic. We would have to consider the effect of this proposal on the business of this company, which is one of the largest taxpayers in the Dominion of Canada. It would be practically impossible for the Canadian Pacific Ocean Services to compete in freight rates against a subsidized line. It would therefore be necessary to keep this fact in mind, and consider what arrangements we might be able to make to cover this situation.

"In the second place, in any arrangements that might be undertaken, it would be necessary for the Government to examine the possibilities thoroughly, with a view to safeguarding the interest of the Canadian National Railways and the Canadian Government Merchant Marine.

"Should Council decide to enter upon this agreement there are further details then to be considered:—

"1st. It is proposed to make an agreement with the contractor, who would construct a fleet of ten ships to ply between Great Britain, the Continent, and Canada."

2nd. These ships, two of which are now under construction, would be approximately 9,000 tons each and would have a speed of 11 knots per hour. They are to be of modern construction in every particular, oil burning and with cold storage and cattle accommodation, the ships themselves to be approved by a competent marine authority.

"3rd. It is estimated that these ten ships would cost approximately £1,350,000. To this would be added working capital of £150,000, plus underwriting and other preliminary expenses which would amount to £125,000.

"4th. The company would operate under the management of a board of directors to consist of 10 members, 6 to be appointed by the Government and 4 to be appointed by the contractor.

"5th. The company would be managed according to the usual management agreement by the contractor or his firm.

"Should Council decide to proceed further with the matter I would recommend that the Justice Department be instructed to request Mr. Eugene Lafleur to prepare a proposed form of agreement between the contractor and the government. I feel strongly that it is necessary when proceeding with this matter that we take every precaution and make every possible safeguard for the whole proposition is one of such importance that I believe the government should secure the very best counsel obtainable in Canada to handle the matter for it. Then at any time in the future we would be able to say that we had spared no effort to have the very best legal talent in the country pass on the agreement. Mr. Lafleur is such an outstanding figure in his profession that his advice would be above question in the matter."

By Sir Henry Drayton:

Q. I see from that, Mr. Low, that I have done you the injustice of passing over something. I thought I was trying to get all these different suggestions as to the subsidy, and if I heard the Chairman correctly there was to be a subsidy, according to your letter there, of £100,000 a year. Was there a proposition of that kind, too?—A. Just whatever is stated in this letter, Sir Henry.

Q. I wish you could show me where that one is in the confidential memorandum; I must have missed it and I do not want to be unfair.—A. I think you had it here.

Q. No; I had £91,000; £150,000; £225,000, and we are just going to take the final jump to £275,000.—A. I think there is one here.

Q. See if you can find it; I could not see it. Perhaps Mr. Symington knows about that.—A. No, I do not think Mr. Symington has seen this file at all.

Hon. Mr. STEVENS: I think he has seen it all right; he seems very familiar with it.

Mr. SYMINGTON, K.C.: I saw it this afternoon.

The WITNESS: If he did, he saw it this afternoon for the first time. There is a reference in this letter to £100,000.

By Sir Henry Drayton:

Q. £100,000 subsidy?—A. Yes. "Sir William Petersen proposes that he shall find 75 per cent of the capital". According to that, we were to find 25 per cent of the capital, as well as a subsidy of £100,000.

Q. Yes, but then you are to get 10 per cent on your capital?—A. Yes, I know; that would be a return to the government.

Q. That is fine business.—A. Ten per cent of a return would be.

Q. Ten per cent is much more than the government generally gets; it would be good business. Can you point out the supporting memorandum for this suggestion?—A. No, I do not see it.

Q. I do not think there is any. I think that has been dropped by the wayside.—A. No, I do not think there is anything dropped.

Q. Then where is it? If there is nothing dropped, where is it?—A. There are really so many proposals—

The CHAIRMAN: Do you need that when you have the letter?

Sir HENRY DRAYTON: I should think if there is a memorandum supporting the proposition to get a nice stock holding, on which we would be getting 10 per cent, and get off with a subsidy of £100,000 instead of £275,000 and no ten per cent, it would be interesting to know about it.

The CHAIRMAN: Sir Henry, I am willing to spend any reasonable amount of time—

The WITNESS: I want to clear this up, Mr. Chairman, and I think it is based on this, a memorandum submitted by Sir William Petersen. It states here that we were to provide £500,000, and he cites the fixed charges as £91,750, on the first debentures and on the second debentures.

By Sir Henry Drayton:

Q. That was what he was to get looked after?—A. The £100,000, I have no doubt, was based on that proposal.

Q. You just took that for a round figure, instead of £91,000?—A. Probably that is it.

Q. I see.—A. I wanted it cleared up.

Q. That does not make so much difference then. That is all about that. Then we will get down to the letter of December 7th. Oh, by the bye, before we take up the letter of December 7th, this went to a subcommittee?—A. Yes.

Q. This went to a subcommittee consisting of——A. Hon. Mr. Graham, Hon. Mr. Robb and myself.

Q. The three of you?—A. Yes.

Q. And how many meetings did the subcommittee have?—A. We had two or three meetings with Sir William.

Q. Where were they held?—A. Some of them in the Chateau and some of them in my office.

Q. Would you have any minutes of those meetings at all?—A. No, there were no minutes.

Q. None at all, just discussions and no records of them?—A. No records.

Q. Anything in connection with memorandum of that kind?—A. No.

Q. For example, did you have before you from time to time a lot of pencil memoranda from Mr. Donald, or from Sir William Petersen?—A. I certainly had a lot of figures submitted to me.

Q. Do you remember any of those?—A. We number them there. I do not remember what all the figures were, but there were a lot of figures and calculations made from time to time.

Q. Have you any of your own calculations, made from time to time?—A. No, I have not.

Q. Have you any of their figures, except those produced here?—A. I have nothing but the figures I have submitted in that memorandum.

Q. Although you may have had others from time to time?—A. We may have calculated and figured from time to time, and there is no doubt we did.

Q. Then we come to the letter of December 7th. By the bye, did the three Ministers attend that subcommittee always, or were there just two?—A. I know they were there on two or three different occasions.

Q. The two of them besides yourself?—A. Yes.

Q. Then on December 7th we have a letter which seems to me to lead up to the final conclusion.

> "Dear Mr. Low,—Since I was advised by you of Cabinet's decision yesterday, I have given this matter considerable thought and beg to submit the following proposal for the consideration of the Cabinet. I shall form a company and furnish the entire capital myself. It will amount to approximately £2,000,000, and shall establish and operate a fleet of ten modern, up-to-date ships, in the proposed service between British and Continental ports and Canada; the service to be commenced with from six to eigth ships by May or June of next year, and to be extended from time to time as desired, from 20 to 30 ships with a subsidy in proportion. The government to have absolute control of the ocean freight rates; the government to pay to the company an annual subsidy of £275,000."

There is the final jump. Can you turn up the figure supporting that figure, that £275,000?—A. No. That calculation was made; Sir William figured interest on his debentures; depreciation, common stock, and so on, and during the whole discussion he emphasized the fact he feared a rate war or a boycott. The subsidy was based on protection, something that would protect Sir William Petersen.

Q. One minute.—A. Just a moment; allow me to finish my answer.

Q. Very well, go ahead.—A. Having in my office a contract, the only contract that seemed to be along similar lines, one with the Royal Mail Steam Packet Company, the subsidy on that occasion represented about between 25 per cent and 30 per cent of the earnings of the company, and we figured—or I figured, rather—that a protection to the extent of about 25 per cent of the possible earnings of Sir William Petersen's ships would be a fair basis for a subsidy, and upon that basis the contract was entered into.

Q. I see. So your guiding star in this case was the contract with the Royal Mail Steam Packet Company?—A. Not altogether.

Q. What else? Let us have the other influence.—A. The greatest influence was that we were going to control the rates absolutely.

Q. Yes, but as to amount?—A. As to amount?

Q. As to the amount of subsidy, was your whole guide the contract with the Royal Mail Steam Packet Company?—A. No, not at all.

Q. Then let us have what it was.—A. I have told you it was based upon negotiations, and it was arrived at the same as every other subsidy is arrived

at. We knew, as I have already stated, that this subsidy would represent about 25 per cent of the possible earnings of these ten ships. Therefore, we proposed to protect Sir William Petersen to that extent, in case of a rate war.

Q. Then let us just get to understand that.—A. Yes.

Q. The basis upon which you figure subsidies is a consideration involving, in the first instance, the possible earnings of the company. I assume that is the profits of the company?—A. Yes, and the investment; everything is considered, investment and possible earnings.

Q. Yes?—A. Yes.

Q. And the greater these possible earnings would be, the greater the subsidy?—A. No, not at all.

Q. How else can it happen, when you are going to have it 25 per cent. —A. That 25 per cent was merely a protection against Sir William Petersen running into a rate war or a boycott, anything of that kind, you see.

Q. Mr. Low, do you think you are doing yourself justice there?—A. Perhaps not.

Q. I want to be absolutely fair with you.—A. Perhaps not, but I am willing to accept a suggestion.

Q. Just go back to it again.—A. Yes.

Q. Your subsidy is fixed on the basis of 25 per cent of the earnings of this company?—A. Yes.

Q. And I am pointing out to you that under these circumstances the more money a company earns, in your opinion, the greater the subsidy ought to be. —A. If the amount is greater, then the percentage runs down; if the subsidy is fixed definitely and the volume of business is greater, then the percentage is lower.

Q. Will you please point out to me anything in this contract that provides for anything of the kind?—A. There is no sliding scale at all; that is what I am pointing out to you, that the subsidy is a definitely fixed amount, and if the earnings of the company are larger, then the ratio of the subsidy is smaller.

Q. When it is fixed upon 25 per cent of the probable earnings, that cannot be?—A. Probable earnings, certainly.

Q. Then let us take another point. I will tell you how this used to be done. If it was thought that a company could not make money out of a service, in proportion to the amount that the company could not make in money, there was thought to be a justification for a subsidy if the service was necessary in the national interest. That was the former idea. It may be all wrong, but we can understand that we are departing from it. Now, we will take the next excuse—

The CHAIRMAN: Do not say "excuse"; that is hardly fair.

Sir HENRY DRAYTON: I do not care what the Committee call it.

The WITNESS: It does not matter, Mr. Chairman.

Sir HENRY DRAYTON: I do not care what the Committee call it; they can call it "reason" or anything else. I will take up the next thing that was said.

By Sir Henry Drayton:

Q. Now, the next thing that was said was that it was necessary for a heavy subsidy here, as I understand it—and correct me if I am wrong—because Sir William feared a heavy freight war, bucking up against the great Canadian Pacific—is that right?—A. I did not say the Canadian Pacific; all lines.

Q. Did you think anything of that?—A. I thought that is what I told you, that he was afraid of it.

Q. Did you think anything of that?—A. Certainly I did; I was impressed with it.

Q. Then tell me why it is, if that is the case, you wrote this letter in which you say: "We must remember that there is the Canadian Pacific Railway with

its great fleet of ocean liners for both passenger and freight traffic; we would have to consider the fact of this proposal on the basis of this company, which is one of biggest taxpayers in the Dominion of Canada. It would be practically impossible for the Canadian Pacific Ocean Services to compete in freight rates against subsidized lines." That was your opinion when you wrote that letter?—A. That clause means exactly what it states.

Q. That was your opinion when you wrote that letter?—A. That was my opinion, yes.

Q. When did you change it?—A. It has not changed at all.

Q. Then why would there be any reason for giving a subsidy—because there was danger of a freight war?—A. A freight war—they are liable to make war, notwithstanding the position of the Canadian Pacific Railway.

Q. You think that notwithstanding the fact that the Canadian Pacific could not compete, they were likely to make war?—A. Certainly they might, in order to drive Sir William Petersen off the route.

Q. Let us see how we are getting on, and how we work up subsidies. In the first instance, we have what you told us in connection with the percentage on the probable earnings; in the next instance we have that which you have now told us, in your letter, and also in what you say Sir William Petersen told you, as to the rate war, and what is going to happen to the Canadian Pacific Railway; in the third instance we have the yardstick of the Royal Mail Packet Contract. Have we anything else?—A. No, unless you can suggest something else.

Q. I could suggest something else, but you probably would not agree with me. If I were to suggest what is suggested in the street, you would not like it.—A. You had the opportunity in your day, and you know how you arrived at these things. Perhaps you could tell the Committee how you arrived—

Q. I can tell the Committee this was a very improper way of arriving at it?—A. Perhaps it was; perhaps it was. Perhaps the Committee can suggest some better way. As I said to the House, if the Committee has any better method to submit, submit it.

Q. Now, Mr. Low, can you show me anywhere the figure—this is a long file and I will not bother taking you over the whole of it—can you show me anywhere where the total of the subsidy which has run up from £91,000 to £275,000 is justified? Can you show me the details justifying that £275,000?—A. No details there. It was justified on the ground that we had complete control of the rates, and could immediately make a reduction of 25 per cent, which would wipe out the subsidy completely.

Q. Were you shown figures justifying those totals?—A. Yes.

Q. By whom?—A. By Sir William. What details? On the basis of 25 per cent?

Q. No, the £275,000?—A. Sir William figured on debentures, and interest on his ordinary shares, and his depreciation.

Q. Were you shown a statement which showed how the £275,000 was made up?—A. There were a number of calculations made from time to time, and submitted to me during the negotiations.

Q. Can you show me just that one thing, where you were shown a statement showing how these £275,000 were arrived at?—A. Yes. Sir William Petersen at the time submitted a statement to me showing certain depreciations and interest charges, and involving £275,000.

Q. Now, let me see. There is interest—A. He had it worked out.

Q. Interest, depreciation—what else?—A. Interest on ordinary capital, ordinary shares, retirement, I think, of his debentures.

Q. Were you paying for anything excepting interest, depreciation and retirement, in that subsidy of £275,000?—A. Yes, we were paying for the control of ocean rates.

Q. At what figure did you put that in?—A. It is an arbitrary figure.

Q. How much did you put in for control of ocean rates?—A. It was not figured at all.

Q. I thought you were paying for interest, depreciation and retirement in order to get control of the ocean rates—A. Yes, that was included; that was part of the agreement.

Q. That is what you were paying it for?—A. Yes.

Q. There was not an item "Control of ocean rates, so much"?—A. No, but a mental calculation was taken into consideration.

Q. Was there anything excepting interest, depreciation and retirement, which you thought you were covering in favour of Sir William?—A. I do not recall it.

Q. Now, we will go to the other contracts. How many subsidy contracts have you got in your office?—A. I do not know. My deputy has a list of them. I cannot speak from memory.

Q. Let us see how they are administered, in connection with the administration of the office. There is an argument here that this contract can be justified by reference to another contract—.—A. I would not put it altogether that way; the other contract was a guide, if there was any guide to be had in the office.

Q. I do not care how you put it. You can say it has nothing to do with it, or not, just as you please.—A. Go ahead.

Q. You can say it was an afterthought, and you never thought about it until yesterday or to-day, or you can say it was a guide?—A. It was a guide.

Q. Is that right?—A. Yes.

Q. All right, we can stick to that. So we have a guide for this contract, according to your evidence, in the contract for the West Indies Route?—A. Yes.

Q. And you have a lot of other contracts in your office?—A. Yes.

Q. One of the duties of your office is to go over these different subsidy contracts with a view of seeing if the necessity for the paying of the subsidy still exists?—A. Yes.

Q. Was this contract gone over?—A. It has been gone over.

Q. Were the earnings gone over?—A. Yes.

Q. Annual earnings gone over?—A. Yes.

Q. Were these annual earnings so small as to justify the continuance of the contract or not?—A. In the statement submitted, they were.

Q. They were so small. I see. As a matter of fact, from the information I have, the company was making four per cent. Was that wrong or right?—A. The statements are all here. My Deputy has them with him. They will show exactly the return for each year.

Q. The exact rate is a matter of a difference, but the duty of your Department, as you very well know, is to see that, in connection with the payment of these annual subsidies—

Mr. RINFRET: What contract is that?

Sir HENRY DRAYTON: The contract with the Royal Mail, which the Minister says was used as a guide, to some extent.

Mr. SHAW: It is the West Indies' service?

The WITNESS: It is the West Indies' service, yes.

By Sir Henry Drayton:

Q. That the contractor is not making such a sum of money, as will enable him to carry on the service without a subsidy?—A. That is right.

Q. And, on investigating that, you ascertained that the contractor was not making such a sum of money as would enable the service to be carried on, and therefore, you renewed the subsidy this year?—A. That is right.

Q. So much for that guide. Can we find another?—A. I thought you were going to find something?

Q. No, I am asking you.—A. I was waiting for your answer.

Q. Can you find anything? Can you give me another?—A. No, you have the whole thing.

Q. I think so.

The CHAIRMAN: Is that all. Has any other member of the Committee any further questions to put to the Minister?

By Hon. Mr. Stevens:

Q. Just one or two, Mr. Chairman. Mr. Low has stated, and I will just make this preliminary to my question—Mr. Low made the statement a moment ago that in arriving at the £275,000 subsidy, this sum is shown as a fixed amount and is calculated as being 25 per cent of the earnings of the ten ships?—A. That is correct.

Q. Therefore, I made a little calculation here, which I think will be borne out, if it is checked. The earnings will be £1,100,000 per annum for the ten ships, according to that calculation?—A. I will give it to you in dollars.

Q. I am giving it in pounds.

By Mr. Montgomery, K.C.:

Q. What is it in pounds?—A. I will give it in dollars.

Sir HENRY DRAYTON: Following the calculation you have made.

By Mr. Montgomery, K.C.:

Q. What are the pounds?

Sir HENRY DRAYTON: £1,100,000.

The WITNESS: I will give it quickly in dollars and cents. Roughly speaking, it is about £1,080,000.

By Hon. Mr. Stevens:

Q. We will say, £1,100,000?—A. Yes, all right.

Q. This, at 80 voyages per annum, would be £13,750 per voyage?—A. Yes, if you say so.

Q. That division, I think, is correct?—A. Yes, all right.

Q. Now, Sir William has stated in his evidence £10,000 per voyage—he states, "give me £10,000 per voyage and I will ask for no subsidy?"—A. If he states so, I suppose it is correct.

Q. Well then, why give him £13,750 per voyage?—A. For the reason which I have given. He argued that he feared a boycott or a rate war, and that was his protection, the subsidy.

Q. But he says here, now also having in mind the boycott, because he mentions that about every fifteen minutes—that is one of the great threats in the air, always present, so it was in his mind?—A. You had it in mind yourself, when you were in charge of the Department. You had the same thing in mind.

Q. He said he was willing to accept £10,000, and would be satisfied?—A. Yes.

Q. I am asking why give him £13,750 per voyage, when he would be satisfied with £10,000?—A. I do not know what he said to the Committee. You have the contract. If you can make a better deal with Sir William before the Committee, make it.

Q. This contract is made— —A. I told you the subsidy represents 25 per cent of the earning power of the ten boats. Now, if you wish me to demonstrate it, I will take a pencil and do so. It is a very simple matter.

Q. Sir William says that his costs per voyage are £5,800 for a round trip, which is less than one half of the £13,750, for his costs, per round trip.

Mr. SYMINGTON, K.C.: Operating costs?

Hon. Mr. STEVENS: For each voyage it is £5,800. What is the need of a subsidy of double that amount?

Mr. SYMINGTON, K.C.: £5,800 is only the operating costs per voyage.

By Hon. Mr. Stevens:

Q. I say why a subsidy of twice that amount? What would bring about a subsidy of double that amount?

Mr. SYMINGTON, K.C.: I make that £3.000 and some odd.

Hon. Mr. STEVENS: The subsidy is, £275,000; the earnings will be £1,100,000.

Mr. SYMINGTON, K.C.: The earnings are £13,750; the subsidy is £3,000.

Hon. Mr. STEVENS: For his earnings, upon which the whole thing is based, but Sir William says he will be satisfied with an earning of £10,000 per voyage. Where is the need for such a large subsidy?

The WITNESS: Only for the purpose of reducing the rates. That would mean a further reduction of the rates. I always had in mind that the subsidy, whether it was large or small, would give us control of the rates, and we could wipe the subsidy right out.

By Hon. Mr. Stevens:

Q. You knew he reduced the rates 25 per cent?—A. If the statement of Sir William was borne out in this Committee, after investigation, I calculated we would immediately reduce the rates 33 per cent, which would take care of the subsidy, and would provide for the return of the taxpayers or the shippers of this country, not only the amount of the subsidy but several hundred thousand dollars besides.

Q. You figure, in your own statement on a reduction of 25 per cent?—A. I have already stated, in a letter that I sent to the Chairman this morning—I do not know whether he read it or not—

The CHAIRMAN: He read it.

The WITNESS: That I had in mind a reduction of 33 per cent, and if the Committee ratifies, or if Parliament ratifies the agreement, after it had been established that Sir William Petersen could operate his ships at the cost he has submitted to the Government, it was my intention to have a reduction of 33 per cent made in the rates. So far as these ten ships are concerned it will return to the taxpayers of this country, not alone the subsidy, but several hundred thousand dollars, in addition.

The CHAIRMAN: Have you any further questions?

Hon. Mr. STEVENS: No.

By Mr. Stork:

Q. In connection with the question of ocean freight rates, Mr. Low, you had a conference with the shipping companies in Montreal. What took place at that conference?—A. Well, the matter is pretty well set out in the correspondence that has been submitted to Parliament. I met the shipping companies in Montreal, on several occasions. At that time I had this one thought in mind, and that was the reduction in ocean rates upon cattle. I felt that the cattle industry of this country was a very important one, and if the Government of the day could do anything to encourage that industry that was struggling at the moment, that it was my duty, as Minister of Trade and Commerce, to make at least an attempt. I met the shipping companies' representatives in the city of Montreal and pleaded with them to make some slight reduction.

I said to them, "If you will agree to make a reduction of $1.50 or $2 a head, I will ask the Government to supplement that by a subsidy, in some form or another, of $5 or $6," which would reduce the cost to, say $8, which would add to the price of every head of cattle that the farmer had to sell in this country. That was my real object in meeting them. If the shipping companies, at that time, had shown the slightest desire to meet the wishes of the government or to co-operate with them, probably the whole matter would have been dropped, or rested there for the time being, but they showed no inclination to meet us, in the slightest degree, and no further negotiations took place, so far as the companies were concerned.

The CHAIRMAN: Any further questions? Has Counsel any questions? If neither Counsel nor the Committee have any questions, I am going to thank Mr. Low for his attendance here and discharge him as a witness.

Mr. MONTGOMERY, K.C.: I think it is only fair to say, in connection with that, that Mr. Preston was in England when all this took place.

The CHAIRMAN: We are very much obliged to you, Mr. Low. Is there any other witness we are to hear to-night?

Mr. SYMINGTON, K.C.: Are there any other witnesses at all, Mr. Chairman?

The CHAIRMAN: Well, there was Mr. O'Hara.

Sir HENRY DRAYTON: We do not need him, after the Minister's admission as to the other contracts and how they were dealt with.

Mr. SHAW: I saw it in the letter of the Minister this morning. Has the letter been filed?

The CHAIRMAN: I read all that to the Committee this morning.

The WITNESS: Do you wish to ask me anything about this, Mr. Shaw?

The CHAIRMAN: I want if possible to bring this hearing to a close.

The WITNESS: I am prepared to establish every statement made in that letter. The records of the office will establish every statement in that letter.

Mr. SHAW: I had forgotten that it was read.

The CHAIRMAN: Then that is all the witnesses we have to hear. I am sure we are all somewhat relieved to be through with the hearing.

Sir HENRY DRAYTON: There is one other witness, that is, Mr. Sayles, but I think we can take him without the aid of Counsel.

Mr. RINFRET: Who is that?

Sir HENRY DRAYTON: Mr. Sayles; he has some information on the chilled meat business; it is not at all technical.

The CHAIRMAN: The next question for us to decide is when we shall meet again. To-morrow is a legal holiday; the House is not going to sit, and I think this Committee has earned the right to a holiday as well as the House. Before we discuss the question of when we shall meet again, I have been told by Counsel that they are not desirous of addressing the Committee on the evidence. My own feeling, and I hope it will be concurred in by the members of the Committee, is that to have an adequate presentation of the facts it would mean that Counsel would really have to address us for several hours. Possibly we have followed the evidence closely enough to dispense with the argument of Counsel. Under these conditions, unless the members of the Committee feel differently to what I do in the matter, I am going to tell Counsel that we are very much obliged to them for all the help they have been to us, and that we will not require their assistance.

Sir HENRY DRAYTON: There was some memoranda to be filed by both parties.

The CHAIRMAN: This is subject to the filing of the memoranda.

Sir HENRY DRAYTON: I think they would help the Committee if they would send in a memorandum, not too long and not too argumentative, giving the points they think ought to be considered in the evidence.

Mr. SHAW: I might suggest too that if Counsel would give us in a short form a statement of the legal situation, so far as the Merchants Shipping Act is concerned, and so far as the power of the Imperial Shipping Board is concerned, with references, I think it would help us.

The CHAIRMAN: I have asked the Department of Justice to give us an opinion as to the powers of the Merchants Shipping Act.

Sir HENRY DRAYTON: I think Counsel will be really of some assistance if they will put in a memorandum, simply indicating the different points they want to be considered, with a reference to the pages of the evidence supporting those points.

The CHAIRMAN: What do Counsel think of that suggestion? Of course Counsel will do just what the Committee wants them to do I feel certain. The Hon. Mr. McMurray feels that it would be helpful, and I will ask them to do that; just a brief, succinct presentation of the points on the side of the steamship companies, and—perhaps I should not say, "the other side," but the view Mr. Symington takes and the view the steamship companies take of this matter.

Mr. MONTGOMERY, K.C.:—The whole thing?

The CHAIRMAN: The whole thing.

Sir HENRY DRAYTON: Make it as short as you like, certain things you think ought to be considered, and the supporting evidence at pages so and so, with your conclusions, in four or five lines.

Mr. RINFRET: Mr. Symington is assisting the Committee; he is not really representing any side.

Sir HENRY DRAYTON: If he just goes on representing the side he has been representing, he will be doing justice to it.

The CHAIRMAN: Are Counsel taking the instructions the Chair is giving?

Mr. SYMINGTON, K.C.: I am at the service of the Committee, Mr. Chairman. I have no doubt that whatever you ask me to do, I will do. Mr. Montgomery has a right to do anything he wants to do; that is his position, I suppose.

The CHAIRMAN: You might bring out before us the points you think particularly merit our attention, and Mr. Montgomery will do the same, perhaps approaching the subject from a somewhat different angle.

Sir HENRY DRAYTON: I would go further, and ask Mr. Donald to put in a memorandum.

The CHAIRMAN: And I will go farther than that, and add Mr. Flintoft and Mr. McKenzie.

Sir HENRY DRAYTON: No, that will be too many.

The CHAIRMAN: We do not need to read them unless we want to.

Mr. MONTGOMERY, K.C.: I hope the Committee will not ask me to prepare a statement and then not read it.

The CHAIRMAN: Sir Henry Drayton suggests that Mr. Symington and Mr. Montgomery and, if Mr. Donald desires, he should put in a memorandum also.

The next question to decide is, when shall we meet again for conference? I do not want to meet to-morrow, and I do not think we should meet to-morrow. I would suggest that we meet on Friday morning at 11 o'clock. A smaller room than this will suit our convenience better. Shall we say Friday at 11 oclock; is that satisfactory to everybody?

Mr. MONTGOMERY, K.C.: If it will be any easier to dispose of it, we can give a verbal argument just as easily as a written memorandum.

Sir HENRY DRAYTON: A written memorandum is the best.

Mr. SYMINGTON, K.C.: It depends on how fast you want to get along. There are about 1,500 pages of evidence as well as 99 exhibits.

The CHAIRMAN: Sir Henry suggests that we do not ask for any memoranda.

Sir HENRY DRAYTON: If Counsel do not want to give it I do not want it, so let it go.

The CHAIRMAN: What do you say, gentlemen; do you want this memoranda from Counsel or not?

Sir EUGENE FISET: I think we are perfectly able to take the evidence and consider it, and come to a conclusion without any aid from Counsel.

Mr. RINFRET: I think so too.

The CHAIRMAN: Then I will release Counsel from the furnishing us with any memoranda.

Mr. MONTGOMERY, K.C.: I have a memorandum which I undertook to prepare, in reference to the contracts.

The CHAIRMAN: That goes in, of course. Shall I say that this Committee stands adjourned until 11 o'clock Friday?

Mr. RINFRET: What will be our work on Friday, Mr. Chairman?

The CHAIRMAN: Our work will be to discuss what our General Report shall be. I think we should get together at once.

I think I shall adjourn this Committee until half past 11 o'clock on Friday morning.

The Committee adjourned.

PARLIAMENTARY SESSION, 1925

Special Committee appointed to consider the

Resolution

to give the Government of Canada control over certain ocean rates

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Proceedings of the Committee

No. 27—Friday, June 5, 1925

EXECUTIVE SESSION

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
COMMITTEE ROOM No. 424,
FRIDAY, June 5, 1925.

The Committee met at 11.00 o'clock a.m. the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Duff, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork—13.

On motion of Mr. Rinfret, seconded by Mr. Stork,

Agreed, That the usual witness fees be paid to Mr. W. A. MacKay, of Truro, Nova Scotia, who appeared before the Committee and gave evidence on Wednesday, May 20, 1925.

The Chairman addressed the Committee as to the Report to the House.

Discussion followed in which all Members present took part.

The Chairman was instructed by the Committee to prepare a draft Report, to be submitted to the Committee at the next sitting for consideration.

The Committee adjourned at 1.05 o'clock p.m. to meet again at 4.00 o'clock p.m. on Tuesday June 9, 1925.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

EXHIBIT No. 96

TORONTO, ONT., 30th December 1924.

J. A. MORICE, ESQ.,
Foreign Freight Agent,
Canadian Pacific Railway,
Toronto, Ont.

Ocean Rates—General

DEAR SIR,—If consistent, I should like very much to obtain the prevailing ocean rates on the commodities listed on the attached statement from West St. John to United Kingdom ports. I am endeavouring to bring up to date certain data which I had previously prepared in this connection, and would appreciate it if you could kindly arrange to let me have the present rates on the commodities mentioned, or such of them as may be readily available.

Yours faithfully,

S. B. BROWNING,
Manager—Transportation Department.

Commodity—	Avonmouth port for	London, Liverpool, Bristol, Glasgow, Manchester, Belfast and Dublin.	Havre.
Starch, in bags or boxes.			
Sugar,			
Syrup in barrels,			
Iron and Steel bars, etc.,			
Vehicles, and parts,			
Washing Machines, Wringers and parts.			
Woodenware: viz.—			
Brooms and Whisks,			
Chair Stock in the rough;			
Cooperage Stock.			
Doors, mouldings and Joiners' Work.			
Dowels,			
Dressed Lumber, Flooring, etc.			
Furniture Stock,			
Handles,			
Poles,			
Veneer,			
Ironing Boards,			
Pastry Boards,			
Shoe lasts,			
Maple Blocks,			
Splints,			
Staves,			
Wood Rims,			
Wood pulleys, $1.00 per 100.			
Pulley Blocks,			
Washboards,			
Wooden Spoons.			
General Cargo.			

Jan. 13th, 1925.

18561

The Canadian Manufacturers Ass'n.,
Bank of Hamilton Bldg.,
Toronto, Ont.

Attention Transportation Dept.

GENTLEMEN,—As requested in yours of December 30th, I am pleased to attach for your information statement of ocean rates on several commodities from West St. John to United Kingdom Ports, and to Havre, France.

These are the present rates and are subject to change without notice.

Yours truly,

A.E.G.: M.
Foreign Freight Agent.

Ocean rate from West St. John, N.B., to Havre, France

Commodity—

Starch in bags or boxes, 27½c. per 100 lbs.
Sugar Refined in bags, 30c. per 100 lbs.
Sugar Refined in barrels, 35c. per 100 lbs.
Sugar Refined in cases, 35c. per 100 lbs.
Syrup, Corn in barrels, 30c. per 100 lbs.
Syrup, Cane, 40c. per 100 lbs.
Iron or steel bars, loose, $8.00 per 2,240 lbs.
Automobile Parts, unassembled, $10.00 per 40 cu. ft. or 2,240 lbs. ship's option.
Automobiles, Pleasure, Chassis or bodies, set up or knocked down up to 2 tons, $10.00 per 40 cu. ft. or 2,240 lbs. ship's option.
Washing Machines, $1.35 per 100 lbs.
Brooms in bundles or cases $1.25 per 100 lbs.
Whisks, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.
Chair Stock, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.
Cooperage Stock, 55c. per 100 lbs.
Doors, unprotected carried at owner's risk of damage or breakage, 75c. per 100 lbs.
Wood Moulding in white, 75c. per 100 lbs.
Wood Moulding finished, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.
Dowels, heavy, 50c. per 100 lbs.
Dowels, light, 70c. per 100 lbs.
Flooring strips, heavy, 75c. per 100 lbs.
Flooring strips, light, 75c. per 100 lbs.
Lumber, heavy, 40c. per 100 lbs.
Lumber, light, 50c. per 100 lbs.
Furniture stock in the white in cases or crates knocked down, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.
Handles in barrels, cases, bags or crates—
Straight, 60c. per 100 lbs.
"D", 65c. per 100 lbs.
Not otherwise specified, 75c. per 100 lbs.
Veneers in crates or cases, 75c. per 100 lbs.
Bake Boards, wooden, knocked down, $1.00 per 100 lbs.
Ironing Boards, wooden, $1.00 per 100 lbs.
Staves, finished in bundles, 40c. per 100 lbs.

Wood Rims in the white loose or crated, $1.00 per 100 lbs.
Wood Pulleys, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.
Pulley Blocks, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.
Wash boards, wooden, $1.00 per 100 lbs.
Wooden Spoons, $1.00 per 100 lbs.
Commodities not enumerated in tariff take ocean rate of 40c. per cu. ft. or 75c. per 100 lbs. ship's option.

Ocean rates from West St. John, N.B., to London, Liverpool, Avonmouth, Glasgow, Manchester, Belfast and Dublin

Commodity—
Starch in bags or boxes—
London, Liverpool, 21c. per 100 lbs.
Glasgow, 22c. per 100 lbs.
Avonmouth, 22c. per 100 lbs. (from Portland, Me.)
Manchester, 21c. per 100 lbs.
Belfast and Dublin, 22c. per 100 lbs.
Sugar refined in bags, 25c. per 100 lbs.
Sugar refined in barrels, 35c. per 100 lbs.
Sugar refined in cases, 30c. per 100 lbs.
Syrup, corn, in barrels, 25c. per 100 lbs.
Syrup, cane, 25c. per 100 lbs.
Iron or steel bars, loose, $7.00 per 2,240 lbs.
Automobile Ports, unassembled, 25c. per cu. ft. or 50c. per 100 lbs. ship's option.
Automobiles, Pleasure, Chassis or Bodies, set up or knocked down up to 3 tons, 25c. per cu. ft.
Washing Machines, wooden, without mechanical or electrical attachments, $1.00 per 100 lbs.
Washing Machines, other than wooden with electrical or mechanical attachments, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.
Brooms in bundles or cases, $1.50 per 100 lbs.
Doors, subject to following clause "Unprotected"—carried at owner's risk of damage or breakage, 50c. per 100 lbs.
Wood mouldings, in white, 50c. per 100 lbs.
Wood mouldings, finished, $1.00 per 100 lbs.
Dowels, heavy, 45c. per 100 lbs.
Dowels, light, 55c. per 100 lbs.
Parquetry Flooring, 65c. per 100 lbs.
Flooring Strips, heavy, 35c. per 100 lbs.
Flooring Strips, light, 45c. per 100 lbs.
Lumber, heavy, 35c. per 100 lbs.
Lumber, light, 45c. per 100 lbs.
Furniture Stock, in the white, in cases or crates, knocked down, $1.00 per 100 lbs.
Handles in budles, cases, bags or crates—
Straight, 40c. per 100 lbs.
"D", 40c. per 100 lbs.
Not otherwise specified, 75c. per 100 lbs.
Veneers in crates and cases, 65c. per 100 lbs.
Bakeboards, wooden, knocked down, 75c. per 100 lbs.
Ironing Boards, wooden, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.
Maple Blocks—(Please give description, what used for, etc.)
Shoe lasts, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.

Wood Rims in the white, loose or crated, 85c. per 100 lbs.
Staves, finished in bundles, 30c. per 100 lbs.
Wood pulleys, $1.00 per 100 lbs.
Pulley Blocks, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.
Washboards, 75c. per 100 lbs.
Wooden Spoons, 40c. per cu. ft, or 75c. per 100 lbs. ship's option.
Commodities not enumerated in Tariff take ocean rate of 40c. per cu. ft. or 75c. per 100 lbs. ship's option.

EXHIBIT No. 97

CANADIAN PACIFIC RAILWAY COMPANY

(Telegram)

Montreal, 22nd May, 1925.

File 5942.

S. B. Brown,
Canadian Manufacturers Association,
Toronto, Ont.

Widespread publicity given statement filed by you Ocean Rates Committee, Ottawa. Reports show five hundred sixty six per cent increase rates several commodities present time over nineteen hundred fourteen. Figures used are general cargo rates in tariff for goods not particulraly rated. Any commodity of which there is movement always given appropriate rate. Do you know any Canadian manufacturer exporting to United Kingdom following Starch, Corn and Cane Syrup, Iron Ore, Steel bars loose, Wooden Ironing Boards, Shoe Lasts, Pulley Blocks, Wooden Spoons, Cottonseed, Cake, Glucose, Flow Castings, Windmills, Ores, Copper, Chrome, Marl or Cobalt, Oleo, Wax, Radiators. Dried Beans, Lubricating Oil. If so would be glad to have their names and if they have applied to Steamship Lines for rates such commodities within past eighteen months.

W.M.K.:M.H. W. M. Kirkpatrick....10.50 A.M.

CANADIAN PACIFIC RAILWAY COMPANY

(Telegram)

RNB 153—96—1/67

1925—May 27—P.M. 1.25.

W. M. Kirkpatrick, Toronto, Ont., (27).
Foreign Frt. Traffic Mgr., Can. Pac. Ry. Co., Montreal, Que.

Yours twenty second statement filed Ocean Rates Committee Comparison of rates 1914 with 1925 No complaints received Last eighteen months on commodities mentioned Your wire re rates to United Kingdom have no knowledge as to Canadian manufacturers exporting to United Kingdom commodities mentioned your wire with possible exceptions Ironing Boards, Shoe Lasts, Iron or Steel Bars in order determine definitely this point it would be necessary take up with all interested manufacturers Think Pulley Blocks mentioned my statement should be eliminated as wood pulleys is commodity we understand being exported.

S. B. Brown.

OCEAN RATES FROM CANADIAN ATLANTIC PORTS TO THE UNITED KINGDOM

Commodity	Ocean Rates Feb. 6th to 21st, 1914	Ocean Rates January, 1925	Percentage Increase
Starch, in bags or boxes	13c. per 100 lbs.	20c. per 100 lbs.	53
Sugar, in bags	13c. per 100 lbs.	25c. per 100 lbs.	92
Syrup, Corn, in bbls.	13c. per 100 lbs.	25c. per 100 lbs.	92
Syrup, Cane, in bbls.	13c. per 100 lbs.	25c. per 100 lbs.	92
Iron or Steel Bars, Loose	No rates in tariff.	$7 per gross ton.	
Automobile Parts, Unassembled	11·79c. per cu. ft.	25c. per cu. ft.	112
Automobiles, Pleasure Chassis, or bodies, set up or knocked down, up to 3 tons.	11·79c. per cu. ft.	25c. per cu ft.	112
Washing Machines, Wooden, without mechanical or electrical attachments.	7·97c. per cu. ft.	$1 per 100 lbs.	
Washing Machines, other than wooden with electrical or mechanical attachments.	No rates in tariff. Probably no movement.	40c. per cu. ft.	
Brooms, in bundles or cases	6·379c. per cu. ft.	$1.50 per 100 lbs.	
Doors, subject to clause "Unprotected, carried at owner's risk of damage or breakage.	7·97c. per cu. ft.	50c. per 100 lbs.	
Wood Mouldings, in white	7·97c. per cu. ft.	50c. per 100 lbs.	
Wood Mouldings, in white (Finished)	7·97c. per cu. ft.	$1.00 per 100 lbs.	
Dowels (Heavy)	7·97c. per cu. ft.	45c. per 100 lbs.	
Dowels (Light)	7·97c. per cu. ft.	55c. per 100 lbs.	
Parquetry Flooring	No rates in tariff. Probably no movement.	65c. per 100 lbs.	
Flooring Strips (Heavy)	23c. per 100 lbs.	35c. per 100 lbs.	52
Flooring Strips (Light)	29c. per 100 lbs.	45c. per 100 lbs.	55
Lumber (Heavy)	21c. per 100 lbs.	35c. per 100 lbs.	67
Lumber (Light)	27c. per 100 lbs.	45c. per 100 lbs.	67
Furniture Stock, in the white, in cases or crates, knocked down.	7·97c. per cu. ft.	$1.00 per 100 lbs.	
Handles, in bundles, cases, bags or crates (Straight).	22c. per 100 lbs.	40c. per 100 lbs.	81
Handles, "D" and all others	32c. per 100 lbs.	40c. per 100 lbs.	25
Veneers, in crates or cases	7·97c. per cu. ft.	65c. per 100 lbs.	
Bakeboards, wooden KD	6·379c. per cu. ft.	75c. per 100 lbs.	
Ironing Boards, wooden	6·379c. per cu. ft.	75c. per 100 lbs.	
		Analagous to Bakeboards.	
Maple Blocks	21c. per 100 lbs.	40c. per 100 lbs.	90
Shoe Lasts (Probably Last Blocks)	23c. per 100 lbs.	45c. per 100 lbs.	95·5
Wood Rims, in the white, loose or crated	7·97c. per cu. ft.	85c. per 100 lbs.	
Staves, finished in bundles	6·379c. per cu. ft.	30c. per 100 lbs.	
Wood Pulleys	7·97c. per cu. ft.	$1.00 per 100 lbs.	
Pulleys Blocks (Analagous to Last Blocks)	21c. per 100 lbs.	45c. per 100 lbs.	114
Washboards	6·379c. per cu. ft.	75c. per 100 lbs.	
Wooden Spoons	7·97c. per cu. ft.	75c. per 100 lbs.	
		Analagous to Berry Boxes.	
Apples, in bbls. not exceeding 7 feet, ordinary stowage.	66c. per bbl.	90c. per bbl.	36
Apples in wooden boxes, not exceeding 1·8 cu. ft. Must be strapped or wired or guarantee given ordinary stowage.	10·5c. per cu. ft. = 17·5c. per box.	30c. per box.	70
Apples, evaporated, in boxes, must be strapped or wired or gurantee given, ordinary stowage.	20c. per 100 lbs.	50c. per 100 lbs.	150
Canned Goods, in boxes strapped or wired on two ends, or crossed strapped (Meats).	24·48c. per 100 lbs.	50c. per 100 lbs.	75·7
Canned Goods, in boxes strapped or wired on two ends, or crossed strapped (Fruits and Vegetables).	9·568c. per cu. ft.	50c. per 100 lbs.	
Canned Goods, in boxes, single strapped or wired (Meats).	28·48c. per 100 lbs.	55c. per 100 lbs.	93
Canned Goods, in boxes, single strapped or wired (Fruits and Vegetables).	9·568c. per cu. ft.	55c. per 100 lbs.	
Canned Goods, in boxes, not strapped or wired (Meats).	28·48c. per 100 lbs.	60c. per 100 lbs.	110
Canned Goods, in boxes, not strapped or wired (Fruit and Vegetables).	9·568c. per cu. ft.	60c. per 100 lbs.	
Quaker Oats, in bags	17c. per 100 lbs.	40c. per 100 lbs.	135
Quaker, Oats, in cases	6·379c. per cu. ft.	40c. per 100 lbs.	
Rolled Oats, in bags	17c. per 100 lbs.	30c. per 100 lbs.	76
Rolled Oats, in cases	6·379c. per cu. ft.	40c. per 100 lbs.	
Grape Nuts, in bags	17c. per 100 lbs.	40c. per 100 lbs.	135
Grape Nuts, in cases	6·379c. per cu. ft.	40c. per 100 lbs.	
Cheese, in boxes	31·32c. per 100 lbs.	70c. per 100 lbs.	123
Cheese, in crocks	Not shipped.	70c. per 100 lbs.	
Furs and Peltries	25·5c. per cu. ft.	60c. per cu. ft.	135
Flour in sacks	13c. per 100 lbs.	21c. per 100 lbs.	62

OCEAN RATES FROM CANADIAN ATLANTIC PORTS TO THE UNITED KINGDOM—
Concluded

Commodity	Ocean Rates Feb. 6th to 21st ,1914	Ocean Rates January, 1925	Percentage Increase
Oatmeal, in sacks	13c. per 100 lbs.	21c. per 100 lbs.	62
Cornmeal, in sacks	13c. per 100 lbs.	20c. per 100 lbs.	54
Oilcake	13c. per 100 lbs.	25c. per 100 lbs.	92
Cottonseed Cake	13c. per 100 lbs.	25c. per 100 lbs.	92
Glucose, in barrels	13c. per 100 lbs.	25c. per 100 lbs.	92
Hardware	19·93c. per 100 lbs. or 11·163c. per cu. ft.	40c. per cu. ft. or 75c. per 100 lbs. S/O.	262
Flow Castings (Probably Plow Castings)	19·93c. per 100 lbs. (Hardware).	50c. per 100 lbs.	150
Spades, Shovels, Hay Forks, Plows, Beams Repairs.	7·17c. per cu. ft.	25c. per cu. ft. or 50c. per 100 lbs. S/O.	249
Windmills (Analagous to Agricultural Machinery).	9·568c. per cu. ft.	25c. per cu. ft. or 50c. per 100 lbs. S/O.	160
Binders, Cultivators, Mowers, Reapers, Threshing Machines.	7·17c. per cu. ft.	25c. per cu. ft. or 50c. per 100 lbs. S/O.	249
Leather, cut soles, in bales and bundles	No rates in tariff	$1.50 per 100 lbs.	
Leather, Finished, in cases	Probably no movement.	60c. per cu. ft.	
Leather, Finished Splits, in cases		60c. per cu. ft.	
Leather, Finished Splits, in rolls, bales or bundles.		85c. per 100 lbs.	
Leather, Sole, in bundles or bales	34·17c. per 100 lbs.	85c. per 100 lbs.	148
Ores—Cobalt	No rates in tariff	No movement, if offered same as Zinc Ore—$7.00 per gr. ton.	
Copper			
Chrome	Probably no movement.		
Marl			
Nickel and Corundum—			
In bags	No rates in tariff	50c. per 100 lbs.	
In kegs	Probably no movement.	70c. per 100 lbs.	
Nickel Matte	No rates in tariff	$5.50 per gr. ton.	
Zinc Ore	" "	$7.00 per gr. ton.	
Copper Matte	" "	$5.50 per gr. ton.	
Mica, Ground	" "	60c. per 100 lbs.	
Graphite	" "	75c. per 100 lbs.	
Machinery, up to 2 tons	No rates in tariff	40c. per cu. ft. or 75c. per 100 lbs. S/O.	
Lawn Mowers	7·17c. per cu. ft.	25c. per cu. ft.	248
Beef, Lard, Prok. Grease, Tallow, in barrels and tierces, weighing over 35 lbs. gross.	22·78c. per 100 lbs.	50c. per 100 lbs.	119
Lard, in cartons in cases	28·48c. per 100 lbs.	When not strapped takes 10c. over lard in boxes, when single strapped takes 5c. over lard in boxes.	93
Refrigerator List—Frozen Carcasses and Parts, including cost of unloading cars.		$1.50 per 100 lbs.	
Bacon, Hams, Meats in boxes or cases over 35 lbs.	22·78c. per 100 lbs.	50c. per 100 lbs.	119
Butter, Ordinary Stge	37·02c. per 100 lbs.	$1.00 per 100 lbs.	170
Butter, Refrigerator	53·29c. per 100 lbs.	$1.50 per 100 lbs.	181
Eggs, Ordinary Stge	11·16c. per cu. ft.	35c. per cu. ft.	214
Eggs, Refrigerator	Not shipped	55·c. per cu. ft. (No movement in refr.)	
Oleo, in tierces and barrels	22·78c. per 100 lbs.	50c. per 100 lbs.	119
Wax	17·56c. per 100 lbs.	35c. per 100 lbs.	99
Radiators	17·09c. per 100 lbs.	(No movement, Probably 50c. per 100 lbs.)	
Clover seed, 60 lbs. to bushel	27c. per 100 lbs.	50c. per 100 lbs.	85
Grass, 14 lbs. to bushel	36c. per 100 lbs.	90c. per 100 lbs.	150
Timothy, 45 lbs. to bushel	29c. per 100 lbs.	50c. per 100 lbs.	72
Beans, dried in bags	15c. per 100 lbs.	50c. per 100 lbs.	233
Peas, split dried in bags	15c. per 100 lbs.	50c. per 100 lbs.	233
Soap, Common	19·93c. per 100 lbs.	50c. per 100 lbs.	150
Soap, Powder	8·66c. per 100 lbs.	69c. per 100 lbs.	
Soap, Stock, in barrels	19·93c. per 100 lbs.	50c. per 100 lbs.	150
Soap, Toilet	10·364c. per cu. ft.	40c. per cu. ft.	287
Lubricating Oil, in standard barrels, or drums, cubical capacity 12 cu. ft. 3 in.	88·20c. per bbl.	$1.50 per bbl.	70
Exceeding 12 cu. ft. 3 in.	No rates shown in tariff	35c. per 100 lbs.	
In half barrels, not exceeding 7 cu. ft.		85c. per half bbl.	
In kegs and cases		35c. per 100 lbs.	

EXHIBIT No. 98

Carload Commodity Rates, *cents per 100 lbs.* from Ports in Great Britain to Winnipeg 1912, and for various subsequent periods—

—	Class	1912	Oct. 21, 1918	June 1, 1920	Oct. 11, 1920	Jan. 15, 1921	Aug. 15, 1921	Jan. 23, 1922	Nov. 15, 1922	June 1, 1923	Present Rates
Canned goods	5	89	126	158	192½	188½	190½	166	158	158	Same
Carpets	3	139	295½	347½	402	395	395	360⅔	349½	355½	as
Cartridges	4	108	150	183	221	218½	218½	201½	197	198	in
Chinaware—barrels, boxes	4	108	173	243	285½	280	314	263½	263½	238½	last
Chinaware—crates, hhds	4	108	173	243	285½	280	314	263½	263½	238½	column
Cotton piece goods	4	108	233	317	359½	354	354	263½	263½	251½	
Fish, pickled	5	87	117	134	168⅔	164½	164½	151	149	145	
Fish, dried	5	87	126	158	192½	188½	188½	166	166	158	
Hardware	5	171	198	237	292	288½	261½	271	261	255	
Linoleum	5	89	126	152	186½	182½	172½	166	157½	149	
Oilcloth	5	89	126	152	186½	182½	182½	166	157½	149	
Rope	5	85	119½	145	179½	175½	180½	162	162	157	
Salts, Epsom	5	80	111½	117	151½	147½	158½	140	140	140	
Soap, common, castile	5	85	115	141	175½	171½	171½	158	158	149	
Twine, binder	5	89	139	155	169½	165½	165½	151	151	149	
Wire, fence	5	80	107½	119	153½	149½	149½	140	140	140	
Yarn	4	x108	x153	656	698½	693	525	326½	326½	308½	

C.P.R. No. E 2013 C.R.C. E2413	C.F.A. No. 11 C.R.C. 23	C.F.A. No. 11-A C.R.C. 46	C.F.A. No. 11-B C.R.C. 53	C.F.A. No. 11-C C.R.C. 65	C.F.A. No. 11-D C.R.C. 83	C.F.A. No. 11-E C.R.C. 92	C.F.A. No. 11-F C.R.C. 116	C.F.A. No. 11-G C.R.C. 127

The tariffs to date (March 1925) were issued by the Canadian Freight Assn.; C.P.R. and C.N.R. participating carriers.
x Class rates.

NOTES

Oct. 21, 1918.—Includes the percentage increases in the inland rates, 15 per cent and 25 per cent east of Port Arthur and 25 per cent west of Port Arthur, both of which increases were effective in 1918.

June 1, 1920.—The increases were in the Ocean charges as there were no changes in the inland rates.

Oct. 11, 1920.—The increases were the result of the percentage increases in September 1920, 40 per cent east of Port Arthur and 35 per cent west of Port Arthur.

Jan. 15, 1921.—The reductions were the result of the so-called five per cent reduction effective all over Canada January 1, 1921. The reductions in the through rates were the reductions in the rates from Montreal.

Aug. 15, 1921.—There were increases in five items, reductions in three items, and in nine items no change.

Jan. 23, 1922.—The reductions were the result of the so-called ten per cent reduction effective all over Canada December 1, 1921. and reductions in the Ocean rates.

Nov. 15, 1922, June 1, 1923.—The reductions were in the Ocean charges as the rates from Montreal are the same to-day as they were December 1, 1921.

Reductions *cents per 100 lbs.* in the All Rail rates from Montreal to Winnipeg:—

1	*2*	*3*	*4*	*5*	Classes
11	9½	7	5½	4	Jan. 1, 1921, 5% reduction.
21½	17½	14½	11½	9½	Dec. 1, 1921, 10% reduction.

John R. Usher.

Less Carload Commodity Rates, *in cents per 100 lbs.* from Ports in Great Britain to Winnipeg, 1912, and from October 31, 1918, to date. All Rail from Canadian Seaboard. Particulars of the various tariffs are shown on the last sheet.

Periods	Biscuits	Books	Brushes		Canned Goods	Carpets
			Paint, Horse	Toilet		
1912	163	201	176	176	133½	211
Oct. 21, 1918	237	278	308	308	178½	368
June 1, 1920	324	290	407	407	210½	420
Oct. 11, 1920	392	372	489	489	265	502
Jan. 15, 1921	382½	361	478	478	258	491
Aug. 15, 1921	383½	397	448	448	260	491
Jan. 23, 1922	339	375½	387½	387½	230½	449½
Nov. 15, 1922	339	375½	387½	456½	222½	438½
Jan. 1, 1923	335	362½	387½	456½	222½	424½

Periods	Chinaware		Chocolate, Cocoa	Confectionary	Crockery, Earthenware	
	Crates, Hhds.	Bbls., Boxes Casks			Casks, Bbls. Boxes	Hhds. and Crates
1912	169	194	166	163¼	158	131
Oct. 21, 1918	241	278	207	214	205	178½
June 1, 1920	311	348	238	244	242	206½
Oct. 11, 1920	379	430	306	312	310	261
Jan. 15, 1921	369½	419	296½	392½	300	254
Aug. 15, 1921	403½	453	296½	300½	300½	254
Jan. 23, 1922	347	392½	272	278	278	234½
Nov. 15, 1922	347	392½	272	278	278	234½
Jan. 1, 1923	322	367½	268	272	262	218½

Periods	Cutlery	Dry Goods		Fancy Goods	Fish, Picked Salted	Fish, Dried in Boxes
		Cotton Piece Goods	Dry Goods N.O.S.			
1912	206	176	211	211	101	127
Oct. 21, 1918	268	301	408	368	137	178½
June 1. 1920	379	385	587	443	154	210½
Oct. 11, 1920	461	453	669	520½	196½	265
Jan. 15, 1921	450	443½	658	514	191	258
Aug. 15, 1921	387	443½	644	514	191	258
Jan. 23, 1922	339½	347	455½	467½	175½	230½
Nov. 15, 1922	339½	347	455½	465	173½	230½
Jan. 1, 1923	339½	335	437½	465½	169½	222½

Periods	Ginger Ale	Common Window Glass	Glass-ware Common	Hard-ware	Hats and Caps	Can Plate	Iron
1912	121	121	176	171	211	120	120
Oct. 21, 1918.	169½	160	251	218½	418	155½	155½
June 1, 1920.	223½	171½	320	257	584	171	171
Oct. 11, 1920.	278	226	388	325	666	219½	219½
Jan. 15, 1921.	271	217	378½	315½	655	217	217
Aug. 15, 1921.	271	219	329½	288½	655	216	216
Jan. 23, 1922.	256½	204½	312	289	552½	200½	200½
Nov. 15, 1922.	256½	200½	312	289	552½	193	193
Jan. 1, 1923.	248½	200½	272	283	517½	193	193

Periods	Linoleum	Millinery	Mineral Water	Mustard	Nets, Fishing	In Shell, Bags, Boxes	Shelled, Boxes, Bbls.
1912	131	422	121	160½	206	183	155
Oct. 21, 1918.	178½	696	169½	214	308	247½	216
June 1, 1920.	204½	876	223½	246	756	270	277
Oct. 11, 1920.	259	1040	278	314	469	352	345
Jan. 15, 1921.	252	1018	271	304½	458	341	335½
Aug. 15, 1921.	242	963	271	306½	399	333	327½
Jan. 23, 1922.	230½	687	256½	274	367½	315½	318
Nov. 15, 1922.	222	687	256½	257	367½	315½	318
Jan. 1, 1923.	213½	657	248½	266	357½	311½	309

Periods	Olive Oil (Glass)	Oil Cloth	Pickles (Glass)	Pipes, Smoking, Wood	Preserves, Fruit Sauces	Rope
1912	185½	131	185½	206	185½	125
Oct. 21, 1918	251	178½	251	298	251	172
June 1, 1920	283	204½	283	358	283	197½
Oct. 11, 1920	365	259	365	440	365	252
Jan. 15, 1921	354	252	354	429	354	245
Aug. 15, 1921	256	252	356	429	356	245
Jan. 23, 1922	319½	230½	319½	407½	319½	226½
Nov. 15, 1922	315½	222	306½	407½	310½	226½
Jan. 1, 1923	311½	213½	311½	397½	311½	221½

Period	Salts	Spices	Tea	Cigars, Cigarettes	Toys	Yarn
1912	120	193	199¼	201	206	x211
Oct. 21, 1918	164	264	264	255	343	
June 1, 1920	169½	379	316	419	466	724
Oct. 11, 1920	224	461	398	501	548	792
Jan. 15, 1921	217	450	387	490	537	782½
Aug. 15, 1921	228	449	387	501	529	614½
Jan. 23, 1922	204½	319½	354½	330½	377½	410
Nov. 15, 1922	204½	315½	333	330½	377½	410
Jan. 1, 1923	204½	311½	332½	330½	327½	392

x Class rate.

TARIFF REFERENCES

1912—Can. Pac. Ry. No. E. 2013, C.R.C. No. E. 2413, Aug. 28, 1912.

1918—No. 11,	C.R.C. No. 23,	Oct. 21, 1918,	Canadian	Frt.	Assn.
1920—No. 11-A,	" No. 46,	June 1, 1920,	"	"	
1920—No. 11-B,	" No. 53,	Oct. 11, 1920,	"	"	
1921—No. 11-C,	" No. 65,	Jan. 15, 1921,	"	"	
1921—No. 11-D,	" No. 83,	Aug. 15, 1921,	"	"	
1922—No. 11-E,	" No. 92,	Jan. 23, 1922,	"	"	
1922—No. 11-F,	" No. 116,	Nov. 15, 1922,	"	"	
Present—No. 11-G,	" No. 127,	June 1, 1923,	"	"	

Canadian Pacific and Canadian National participating carries in the above tariffs.

John R. Usher.

Less Carload Commodity Rates, *in cents per 100 lbs.* from Ports in Great Britain to Winnipeg, 1912, and from October 31, 1918, to date. All Rail from Canadian Seaboard. Particulars of the various tariff are shown ion the last sheet.—*Concluded*

PARLIAMENTARY SESSION, 1925

Special Committee appointed to consider the

Resolution

to give the Government of Canada control over certain ocean rates

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Proceedings of the Committee

No. 28—Tuesday, June 9, 1925

EXECUTIVE SESSION

EVIDENCE

Mr. Thomas Sales, M.P.

EXHIBITS

Filed by Mr. Thomas Sales, M.P.

No. 100—Participation Certificate of United Grain Growers Limited Live Stock Pool. (Read into evidence).

No. 101—Quotations, Smithfield Market. (Read into evidence).

No. 102—Sales and average prices of Cattle at Winnipeg, 1922. (Read into evidence).

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 424,

WEDNESDAY, June 9, 1925.

The Committee met, in camera, at 4 o'clock, p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Stork.—12.

The Clerks were instructed to retire during the discussion of the Chairman's draft Report.

The Committee continued in public session.

Mr. Thomas Sales, M.P., who was in attendance at the request of the Committee, gave evidence and retired.

During the course of his evidence Mr. Sales filed Exhibit No. 100, "Participation certificate of United Growers, Limited, Live stock pool"; Exhibit No. 101, "Quotations, Smithfield Market"; Exhibit No. 102, "Sales and average prices of cattle at Winnipeg, 1922"; all of which were read into evidence.

The Committee adjourned at 6.35 o'clock, p.m., to meet again at 11.30 o'clock, a.m., on Thursday, June 11, 1925.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 424,

HOUSE OF COMMONS,

TUESDAY, June 9, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met at 4 p.m., the Chairman, Mr. McMaster, presiding.

Mr. THOMAS SALES called.

The CHAIRMAN: You are a Member of the House of Commons?

Mr. SALES: Yes, sir.

The CHAIRMAN: For the constituency of—

Mr. SALES: Saltcoats.

The CHAIRMAN: You have been good enough, Mr. Sales, to indicate to us that you have some information which you believe will be of value to us concerning the export, or possible export, of chilled beef from this country?

Mr. SALES: I do not use the words "chilled beef"—dressed beef.

Sir HENRY DRAYTON: Mr. Sales, I am going to ask you to give your information just as you have it. I think that will be the best way.

Mr. SALES: Mr. Chairman, in order not to take up any more of the time of the Committee than is necessary, I have put my ideas on paper, and with your permission I shall present them in that form; and then I shall be glad to answer any questions that you may care to ask. At the outset, I want to make it perfectly clear that nothing in my remarks should be interpreted as a suggestion that I am in opposition to the efforts of the Government or of this Committee in trying to find whether there is any possible way of reducing rates, especially on cattle, a subject which is very important to a large number of people, and one in which I am specially interested. If it is possible to get a reduction in the rates on cattle, nobody would be better pleased than I; and if it is found possible to reduce rates, my remarks may be regarded in the light of a supplementary proposition. If, on the other hand, it is found impossible to reduce the rates, it may be regarded as an alternative proposition.

During the session of 1923 there was a Special Committee appointed by the House to enquire into agricultural conditions and amongst other things the question of ocean rates on cattle was enquired into.

As one of the members of that committee after listening to the mass of evidence given by ship owners as to their increased costs and their experience in carrying cattle and in private conversation with many of them, I came to the conclusion that there was not much hope of a material reduction in these rates, and I also came to the conclusion that under the burden of these rates, the men engaged in the cattle business cannot continue with any hope of the industry being carried on at a profit.

3776—2½

Dealing with the latter part of my statement, I would draw your attention to the average price of steers 1,200 pounds and over,—that is the highest class of steer—as furnished from the market reports of the Dominion Bureau of Statistics.

1922 average at Winnipeg.. .. .. $4 98 per hundred.
1923 average at Winnipeg.. .. .. 5 12 per hundred.
1924 average at Winnipeg.. .. .. 5 14 per hundred.

From this must be deducted on an average $1 per cwt. as the cost of getting the animal from the farm to Winnipeg market.

In proof of that statement, here is a return for one animal shipped in a carload lot from Langham, 506 miles from Winnipeg. This animal weighed 1,210 pounds and the marketing costs were $12.94 slightly exceeding $1 per cwt.

Sir HENRY DRAYTON: I think that is a startling thing, and the return should be filed. It is an awful burden on the trade.

EXHIBIT No. 100

Form 882. Im-6-23. 27474. P100

UNITED GRAIN GROWERS LIMITED
LIVESTOCK DEPARTMENT
St. Boniface, Man.

July 16, 1923 Pro. No. 622

CO-OPERATIVE POOL
PARTICIPATION CERTIFICATE No. 426

Received from D. Anderson,
Laughan.

No. Head	Kind	Marks	Weight	Valuation		
				Price	Amount	
						$ cts.
1	Cow.....	High red.....	1,210	.....		22 50
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
Total valuation.	.....	.....	.....	.....		22 50

DEDUCT
Inward Expenses (Freight, Feed, Insurance, Commission, Etc.)
at 106·93 per cwt..... 12 94

Our cheque herewith for balance..... 9 56

IMPORTANT

THIS CERTIFICATE ENTITLES THE HOLDER TO PARTICIPATE IN THE DISTRIBUTION OF POOL PROFITS.
THE HOLDER MUST NOTIFY THE COMPANY OF ANY CHANGE OF ADDRESS AFTER THIS CERTIFICATE HAS BEEN ISSUED.
WHEN CORRESPONDING REFER TO THE ABOVE PARTICIPATION CERTIFICATE NUMBER.

The CHAIRMAN: May I interpolate this question: You produce to us this one bill to show that the cost has been a little over a cent a pound for marketing from a point West of Winnipeg.

Mr. SALES: 506 miles.

The CHAIRMAN: West of Winnipeg?

Mr. SALES: Yes.

The CHAIRMAN: Would that be a typical case?

Mr. SALES: Take Battleford, which is still further West, to the Alberta boundary, and further West than that, it is all tributory to Winnipeg and the coast. I think it fairly represents the average cost of getting an animal to Winnipeg from Saskatchewan. The animal weighed 1,210 pounds, and it realized in the market $22.50, leaving to the man for himself, $9.56. He lives seven miles from the station and he had to deliver that animal, and that is what he got for it. Another point is that it was not marketed in the fall rush, when 50 per cent to 76 per cent of the cattle are marketed; this was marketed on July 16, 1923.

Taking a 1,200 pound steer sold in Winnipeg at $5 per cwt, makes a total price of $60. Deduct $12 for freight and marketing expenses leaves $48 as a return to the farmer for the production of that steer.

I put this bill in for the reason that Dr. Grisdale in the course of his evidence before this Committee quoted a rate of $18.10, a through rate, for shipping a steer from Lethbridge.

I would like to point out that for every one man who has a carload of export cattle we have to deal with the situation of 1,000 men who have only two or three steers suitable for the export market, and who must pay the local carload rate and costs to Winnipeg, amounting as I say to practically $1 per cwt.

Then he has to pay 85 cents per cwt. for feed. What I want you to realize is that the farmer cannot continue under these conditions.

Mr. MCKAY: Did you say 85 cents per pound?

Mr. SALES: No, per hundred.

Mr. MCKAY: He pays a dollar per hundred weight from the West to Winnipeg?

Mr. SALES: That includes freight and marketing charges.

Mr. MCKAY: Is the 85 cents per cwt. for feed included there?

Mr. SALES: No, that is for freight and marketing charges alone, and then there is the feed on the top of that. So many people think that the through rate from Winnipeg is cheap and that that is the only thing to be considered.

Hon. Mr. MCMURRAY: You would have a through rate from Battleford to Montreal?

Mr. SALES: Yes, but you have not one man in a thousand who can get the advantage of it.

Sir EUGENE FISET: In other words, it is by carload?

Mr. SALES: Yes.

Mr. SALES: Twenty-five years ago a farmer was receiving for heavy steers $40 at his own point. The question will probably arise whether that was profitable to him. I would say, at that time, yes, but I would draw attention to the fact that the increased cost of everything enters into production to-day as compared with that period. To give only one instance—land on which I paid at that time, only $2 taxes on a quarter section of 160 acres, are now $80.

I am convinced that as practical men our minds must be directed to some other method of marketing. The only other practical alternative is to ship dressed beef. The objection is raised that it has been tried and proved a failure. This objection to my mind, is far from well founded. One experiment, comprising 17 shipments, carried on between May and December, 1921, totalling in weight 1,200,000 pounds by Harris Abattoir Company, and I am going to quote from the remarks of Mr. McLean, Vice-President of the Company, in a paper read before the Live Stock Union at Brandon in November, 1922. In the first part of his report he deals generally with the cattle industry and its misfortunes arising particularly from, first, deflation of prices following the war; and second, the United States Tariff imposed in June, 1921, and amended in September, 1922. On page 12 he begins to deal with the experiment they carried on in shipping dressed beef.

Mr. McKAY: What do you mean by "dressed beef"?

Mr. SALES: I mean beef killed here, quartered, and carried over in cold storage, probably at a temperature of 32 or 33 degrees, shipping only 60 per cent of the weight, instead of taking the hooves, entrails and so on.

Mr. McKAY: You think that that would encourage the farmers to raise cattle?

Mr. SALES: That deals with another side of the question which you will appreciate if you let me go on.

Mr. McLean states that they included in their expenses all out-of-pocket expenses, costs of labour and wraps at Toronto, freight to seaboard, ocean freight, loading charges, freight and landing charges in England, and the expenses totalled $3.98 per 100 pounds or practically 4 cents per pound. The 17 shipments lost an avearge of $2\frac{1}{3}$ cents per pound.

This statement taken by itself looks rather discouraging, but the question arises as to whether that loss of $2\frac{1}{3}$ cents per pound can be overcome to such an extent that a profit can be shown. I think it can.

Mr. McLean goes on—"The losses became so heavy that we were forced to discontinue the shipments. However, an analysis of the results gives some ground for optimism. While the loss on shipments is equivalent to about one farthing per pound we are convinced that the beef we shipped was worth on the British market 4 cents per pound and probably 6 cents per pound more than we actually received, and we were further convinced that had conditions been such as to permit continuous shipments, this Canadian beef would very soon have commanded a price much higher than that received for our experimental shipments. I am placing on file the prices quoted at Smithfield market during the period these shipments were made of English home-killed beef, Canadian killed in England, Canadian chilled, Argentine chilled."

EXHIBIT No. 101

APPENDIX

QUOTATIONS SMITHFIELD MARKET—TAKEN FROM LONDON:

	English		Canadian		Canadian Chilled		Argentine Chilled		Canadian Chilled over Argentine
	s.	d.	s.	d.	s.	d.	s.	d.	
1921									
May 5	1	5¼	1	4¾	—	—	—	8	
" 12	1	2¼	1	2	—	—	—	7¼	
" 19	1	2¾	1	1	—	—	—	7¼	
" 26	1	3¼	1	2⅞	—	—	—	7½	
June 2	1	4½	1	4¼	—	—	—	7½	
" 9	1	3	1	2¼	—	—	—	7⅜	
" 16	1	3⅛	1	2¾	—	—	—	7⅞	
" 23	1	2½	1	2¼	—	—	—	7½	
" 30	1	1¼	1	1¼	—	—	—	7½	
July 7	1	1¾	1	1	—	—	—	8¼	
" 14	—	11¾	—	11	—	—	—	7¾	
" 21	1	⅛	1	⅛	—	—	—	7⅛	
" 28	1	1½	1	1⅜	—	7⅝	—	7½	−⅛
Aug. 4	1	1	1	1⅛	—	—	—	6⅞	
" 11	1	1⅝	1	1¾	—	10	—	8⅝	1⅜ = 0 ct.
" 18	—	—	—	—	—	—	—	—	
" 25	1	1	1	¼	—	—	—	8⅛	
Sept. 1	1	1¾	1	1¼	—	—	—	8⅝	
" 8	1	1	1	⅛	—	—	—	8⅛	
" 15	1	¾	1	—	—	8⅛	—	7⅛	+2 cts.
" 22	—	11½	—	10¾	—	—	—	7	
" 29	—	11	—	10⅛	—	8⅛	—	6⅜	3 "
Oct. 6	—	10⅛	—	9¾	—	7½	—	5⅞	3 "
" 13	—	9⅞	—	9⅝	—	—	—	6	
" 20	—	8¾	—	8¼	—	—	—	6	
" 27	—	9¾	—	9½	—	7⅞	—	6¼	3 "
Nov. 3	—	9⅝	—	9½	—	7⅝	—	6¼	3 "
" 10	—	9⅞	—	9⅝	—	9¼	—	6¾	5 "
" 17	—	8¾	—	8¼	—	8⅜	—	7	3 "
" 24	—	8⅜	—	8⅛	—	7⅝	—	7⅝	equal
Dec. 1	—	9½	—	9¼	—	7⅞	—	6⅝	2 cts.
" 8	—	8¾	—	8⅜	—	6⅜	—	6¼	
" 15	—	9	—	9¼	—	6	—	5⅝	
" 21	—	10⅛	—	7	—	7⅜	—	5⅜	4 cts.

NOTE.—It will be noticed that in the beginning of these shipments, the price was below that received for Argentine, but that by Sept. 15 it was 2 cts. over, 3 cts. over on Sept. 29, maintaining that price for a month. On Nov. 10, it reached a point of 5 cts. over and it will be further noticed that on this date, it is only ⅜ lower than the price obtained for Canadian beef killed in England and only ⅝ lower than English beef, and on Nov. 17, the price quoted is ⅛ over Canadian beef slaughtered in England and ⅝ below the home killed product.

It is in my opinion rather unfortunate that this experiment closed just at the time that it appeared to be establishing itself on the British market.

Sir HENRY DRAYTON: Are there any particular items in that statement to which you wish to draw attention?

Mr. SALES: Yes, at the bottom there is a note which reads

> "It will be noticed that in the beginning of these shipments, the price was below that received for Argentine, but that by September 15 it was 2 cents over, 3 cents over on September 29, maintaining that price for a month. On November 10th, it reached a point of 5 cents over and it will be further noticed that on this date it is only 3/8 lower than the price obtained for Canadian beef killed in England and only ⅝ lower than English beef, and on November 17th, the price quoted is ⅛ over Canadian beef slaughtered in England and ⅝ below the home killed product. It is in my opinion rather unfortunate that this experiment closed just at the time that it appeared to be establishing itself on the British market."

Sir EUGENE FISET: Why was that experiment closed?

Mr. SALES: I do not know; I am going to find out from Mr. McLean.

Sir HENRY DRAYTON: They could not get a continuity of shipments or supplies.

Mr. SALES: On page 13 Mr. McLean points out that as against the cost of $53 for transporting the live animal, the dressed beef could be transported and sold in England at a cost of $28. He says this beef will be quite as good as beef from cattle shipped alive—indeed in the opinion of Canadian butchers, the dressed beef would be better, for the beef after slaughtering will be out continuously in a controlled temperature. It will be landed in England within two weeks from the date of slaughtering and will, according to Canadian standards, be then in prime condition for cutting. I may say that that agrees with the English standards also. The English gave to our best Canadian cattle shipped alive, a very friendly reception—to our dressed beef they gave a very unfriendly reception. Every butcher who handled the beef acknowledged it was good beef, but his attitude invariably was that it was imported beef and should be bought at imported beef prices.

Mr. McLean further says—"That the English butcher contends that his customers want home-killed beef, and it must be recognized that there is a considerable prejudice in favour of this." I may say that I had 20 years of practical experience as a butcher and I fully agree with Mr. McLean's remarks, and I know that to overcome the prejudice of the Englishman in favour of home-killed meat will be the greatest obstacle the Canadian producer will have to face.

Mr. McLean continues—"For the purpose of this discussion I shall take it for granted that Canada can make continuous shipments of beef to Great Britain. This, as we know, is not the case. It is a problem by itself and will be discussed later, but if Canada could make regular shipments of dressed beef every week, what position would it ultimately establish on the British market for itself. My view is that it would in a short time command a price approximately the home-killed prices. He contends, and I think this point is admitted by Dr. Grisdale, that Canada can produce better cattle than the Argentine, and Canada is removed from the British markets by an ocean voyage of one week as against over three weeks by Argentine and that in regard to distance from the markets while the Argentine beef can only be marketed four weeks after slaughtering, Canadian beef can be marketed within two weeks after slaughtering. Canada has therefore a tremendous geographical advantage over South America which they can never overcome.

For the above reasons, therefore, he says—"I take it that granted certain conditions Canadian dressed beef can establish itself on the British market on a level much higher than that of South American chilled beef.

Again the objection is made that we made 17 shipments totalling over a thousand pounds and that if this beef had the intrinsic merit that we claim for it, it surely should have established itself to some extent at least. The answer to this is that it did. From the first, the British butcher, although he claimed he should buy this beef at imported beef prices available, paid us from 2 cents to five cents per pound more than he would pay at the same time for Argentine chilled beef but also did something that goes much farther in supporting my view—he sold his beef to our customers—not as imported, but as home killed beef and the only reason he was able to do this was that the beef was as good. The British consumer did not know that he was eating Canadian chilled beef and believed himself to be eating home killed beef, and it is this fact that gives confidence that granted the necessary conditions, Canadian beef would soon establish itself on a price level with that of home killed beef.

In support of this, I may say that since I drew up this paper there has come into my hands a copy of the Overseas Daily Mail of May 16th, 1925, containing a news item with regard to the report of the Food Council of Twelve who have been making an investigation on behalf of the British Government.

The CHAIRMAN: Into the food supply of the British Isles?

Mr. SALES: Yes. The item is headed "Meat Wrongly Described," and contains the following paragraph.

> "It is pointed out that evidence has been given that imported meat is frequently sold as home-killed meat, and that misdescription is also common in the case of different grades of imported meat."

The only other attempt made at shipping dressed beef was made by the Department of Agriculture during the latter part of May, 1923, and is reported in Pamphlet 39 published by the Department. In this pamphlet they freely admit that many mistakes were made and expenses incurred which might have been avoided. I can only say that I am sorry that the Department decided to publish a pamphlet drawing conclusions which in my mind are far from reliable. This pamphlet only came into my hands a few days ago, and I have perused it carefully and could analyse it critically, but I am going to content myself by stating that no pamphlet should be issued by our Department based on one spasmodic attempt. If these pamphlets are to be useful to our people they must be the result of more than a single experiment and must furnish reliable data or they will discredit both the cause of agriculture and the department publishing them.

Reverting to the question of the Englishman's preference for home killed beef over imported beef; I would quote from the Trade and Navigation Returns of the United Kingdom for the period of 11 months ending 1922, in which I notice fresh beef from Denmark: 72,549 cwt. Price £397,891 calculating exchange at 4.80 per pound results in a price of 24.10 cents per pound.

The CHAIRMAN: Do you know whether that price, or a price approximate thereto, is being realized at the present time for Danish beef?

Mr. SALES: I took the Trade and Navigation Returns for that period and that is the price they give.

The CHAIRMAN: But that is over two years ago.

Mr. SALES: Exactly.

Sir HENRY DRAYTON: The point is the comparison he makes.

Mr. SALES: I am comparing the same years. I think the prices maintain pretty well at that level to-day.

Sir HENRY DRAYTON: Compared with 1922?

Mr. SALES: Yes.

Same period Argentine chilled: 4,853,021 cwt. Price £11,575,465. Price 10.22 per pound. A difference of 12.88 cents in favour of Denmark.

Sir HENRY DRAYTON: These are both chilled meats?

Mr. SALES: Both imported beef, one from Denmark which reaches England as what you might call fresh beef, and the other from the Argentine in four weeks which must be subject to a certain degree of frost.

My contention is that the price of our beef should be much nearer the Danish price than it is to the Argentine, owing to our geographical advantage over Argentine. If we could get in between the Argentine prices and the Denmark prices, the trade in dressed meat could be made profitable. The comparison for the same period of imports from Denmark of 72,549 cwt. means 10,159 steers of 1,333 pounds live weight, dressing 60 per cent or 800 pounds of dressed beef without offal, 187.99 per steer.

Canadian live steers for the same period:

19,005 live steers shipped in 1922, price $542,728 average 137.07 per head.

41,744 cattle shipped in 1923, value £1,165,800 or $138.58 per head.

76,978 cattle shipped in 1924, price £2,202,850 or $137.66 per head.

That, Mr. Chairman, I think pretty well answers your question as to the stay in price.

No weight is available for these steers sold alive, but at that time the embargo on the English market was being removed, and we were urged to send nothing but our very best. I personally saw several shipments in 1923 from Montreal and Quebec and there were very many cattle much heavier than 1,333 pounds but taking into account the fact that there were some larger cattle amongst these I think it would be quite safe to average them as weighing 1,333 pounds and assuming that they dressed 60 per cent, which is a rather high average, that would be equal to 800 pounds of pressed beef.

Sir HENRY DRAYTON: I thought they dressed only about 55 per cent?

Mr. SALES: Some dress 60 per cent and some 67 per cent, according to the roughness or smoothness of the animal, the conformation. Supposing these cattle had been killed in Canada and had averaged 800 pounds per steer, what price would the beef have to be sold at in England to break even with the prices obtained alive.

The offal less the freight to England would realize.	$15 00
The difference in freight between live animal and dressed..	12 50
(Note: Mr. McLean gives this difference as $15).	
$2 per head saved on freight from Liverpool to London had the meat been sold at Liverpool or Manchester or shipped to London..	2 00
½c. a pound commission charges..	4 00
Total..	$33 50

(Note: We should own our own ships.)

Saving slightly over 4 cents.

The price of live cattle..	17c.
By shipping the beef a saving of 4c.	04c.
	13c.

If dressed in Canada and sold in England at 13 cents per pound the returns would have been equal to what they were when shipped alive.

Sir HENRY DRAYTON: That is, 13 cents for the dressed meat would be equivalent to 17 cents for the other?

Mr. SALES: Would be equivalent to shipping them alive.

Sir HENRY DRAYTON: So that if you sell dressed meat killed in Canada, getting credit for your offal and your freight saving, you would only get 13 cents per pound as against a sale price of the live stock of 17 cents per pound? Is that right?

Mr. SALES: Yes, shipped alive. This is a comparison between shipping live cattle and cattle killed over here and shipped over as dressed.

The CHAIRMAN: Suppose you sold the cattle dead at 13 cents a pound in the Old Country that would be as good as what amount sold alive?

Mr. SALES: The same thing.

The CHAIRMAN: Seventeen cents.

Mr. SALES: No sir. As Mr. McLean explained, in 1922 the cattle averaged 17 cents shipped alive whereas if they had been dressed in Canada and sold in England at 13 cents per pound the returns would have been equal to what they were when shipped alive.

The CHAIRMAN: If they had been killed and dressed in Canada?

Mr. SALES: Yes, and carried over as dressed beef and sold for 13 cents, they would have realized just the same money. That is the point I am trying to make.

Last summer I hurriedly prepared a memorandum for Hon. Mr. Low just as he was leaving for England on this subject, in which I set out the necessity for dressing cattle in the English style. The marketing of offals in the Old Country and also the view that trade in dressed meat should not be confined to beef alone, as I was of the opinion that this could be extended to both pork and mutton in this connection. Again quoting from the U.K. returns, prices of fresh pork from the Netherlands as compared with prices of bacon from Canada for the same period:

1922

Netherlands—

	Cwt.	£	per pound
Fresh Pork	408,003	2,120,130	22⅓c.
Canadian Bacon	654,798	3,874,273	25c.

Sir HENRY DRAYTON: The Canadian price was 25 cents?

Mr. SALES: Twenty-five cents as compared with 22⅓ cents for Netherlands Fresh Pork.

1923

Netherlands—

	Cwt.	£	per pound
Fresh Pork	290,179	1,541,094	22⅘c.
Canadian Bacon	750,457	3,494,188	20 1/10c.

1924

Netherlands—

	Cwt.	£	per pound
Fresh Pork	447,843	2,214,346	21.17c.
Canadian Bacon	1,062,429	4,849,741	19¾c.

19½ cents is the same price as quoted by Dr. Grisdale before the Agricultural Committee this year, 1925. All calculations based on exchange at 4.80 to the pound.

Mr. MCKAY: Fresh pork would be the whole pig?

Mr. SALES: I imagine it would be less the head, dressed.

It is my opinion that the development of a trade of this kind need not necessarily and should not interfere with the shipping of live cattle, and the bacon business that is being at present carried on, but should merely lead to the extension of our markets. For instance, unspayed female cattle are not allowed to land in England as feeders or stockers, but must be slaughtered on arrival. I pointed out in my memorandum to Mr. Low and I asked him to confirm this while he was over in the Old Country that beef from heifers in the Old Country commands higher prices than steer beef, while exactly the contrary is in effect in Canada where there is a considerable cut in the price between heifers and steer beef. For what reason I have never quite understood.

EXHIBIT No. 102

Insert at page A16 of MSS.

DOMINION BUREAU OF STATISTICS—INTERNAL TRADE BRANCH

Sales and Average Prices of Cattle at Winnipeg, 1922.

Classification	1922 — Average Price for year	Percentage marketed 4 months in year, August to November	Average Price for 4 months August to November	October price
	$ cts.		$ cts.	$ cts.
Steers, 1,200 lbs. and up	4 98	over 53%	4 26	4 00
Steers, 1,000 lbs. to 1,200 lbs.—				
Good	5 46	50%	4 71	4 35
Common	3 60	over 76%	3 47	3 23
Steers, 700 lbs. to 1,000 lbs.—				
Good	5 60	over 35%	4 64	4 30
Common	3 75	over 50%	3 25	3 02
Heifers—				
Good	4 85	over 59%	4 41	4 05
Fair	3 78	over 76%	3 68	3 42
Common	2 76	over 76%	2 60	2 53
Cows—				
Good	3 72	over 58%	3 25	3 04
Common	2 62	71%	2 49	2 50

DOMINION BUREAU OF STATISTICS—INTERNAL TRADE BRANCH

Sales and Average Prices of Cattle at Winnipeg, October, 1922.

Classification	Number Sold October, 1922	Average Price October, 1922
		$ cts.
Steers, 1,200 lbs. and up	1,718	4 00
Steers, 1,000–1,200 lbs.—		
Good	2,304	4 35
Common	1,660	3 23
Steers, 700–1,000 lbs.—		
Good	372	4 30
Common	399	3 02
Heifers—		
Good	2,663	4 05
Fair	3,799	3 42
Common	2,121	2 53
Cows—		
Good	2,747	3 04
Common	4,599	2 50

5/6/25/EA.

I am furnishing a list of the yearly average prices of live stock in Winnipeg during the years 1922, 1923 and 1924, in which the prices were:

1922	Good Steers	....5 46	Good Heifers	....4 85
1923	Good Steers	....5 57	Good Heifers	....4 88
1924	Good Steers	....5 27	Good Heifers	....4 73

Nature has her own way in insisting that a proportion of females shall be born, and there is quite a good proportion of them in the cattle business.

[Mr. Thomas Sales, M.P.]

On page 558 of the Canada Year Book I find that 66,774 good heifers were marketed as compared with 62,005 steers over 1,200 pounds and upwards and 68,256 steers of 1,000 to 1,200 pounds.

I want to impress that upon your mind, Mr. Chairman, that we have a lot of heifer beef in this country.

In this connection it might also be pointed out that there is a large market in the industrial and colliery districts of Great Britain for good cow beef and the cut in the price in this country on this class of cattle is much heavier than in the case of heifers, whereas the price in England is slightly lower than for steers. Comparing the same period again, I find that they marketed 80,014 good cows, the average price being 3.72 in 1922, 3.50 in 1923, and 3.45 in 1924, in the Winnipeg market nearly $2.00 per cwt. below the price for steers.

Sir HENRY DRAYTON: These are all in the Winnipeg market?

Mr. SALES: In the Winnipeg market.

Sir HENRY DRAYTON: Nearly $2.00 per cwt. below the price for steers?

Mr. SALES: Yes sir.

Mr. MCKAY: Were these young cows or old cows?

Mr. SALES: Good young cows.

Sir HENRY DRAYTON: To what point does that take us?

Mr. SALES: The point is this; Carry on your shipping of steers, if you can reduce your rates; dress your heifers here and your cows and sell them over there, and shorten up the spread in those prices; widen your market.

Sir HENRY DRAYTON: For your heifers and cows you cannot get value here, but there is a good market in England?

Mr. SALES: Exactly.

Reverting to the shipments of pork again, I would state that the class of pork which commands the highest price in the Old Country is what is termed Shop Hogs, that means a hog which is suitable for being cut up into roasting joints and roasted with the rind or what is popularly known as crackle and may be sold without removing any of the fat.

Quoting again from the Canada Year Book, page 558, which shows that 138,052 shop hogs were marketed in 1923, select hogs for the same period, 152,856, heavy hogs 66,243. While the shop hog commands the highest price in England there is again in this country a serious cut in the price.

Sir HENRY DRAYTON: Which is the best, the shop or the select hog?

Mr. SALES: The select goes into the bacon trade, the Wiltshire trade.

Sir HENRY DRAYTON: You do not give the number of heavy hogs?

Mr. SALES: Yes, 66,243. We have the Wiltshires making the highest price, and we cut the price here. The quotations are:

Winnipeg.

For 1923—

Select hogs	9 57
Shop hogs	8 00
Heavy hogs	7 79
Extra heavy	6 94

For 1924—

Select hogs	8 35
Shop hogs	7 20
Heavy hogs	6 52
Extra heavy	6 02

I am not suggesting that we should relinquish our efforts to compete with Denmark in the production of bacon at all, or stop the shipment of live cattle especially if rates can be reduced, but I am suggesting that we could widen our markets and secure better prices for these other grades of hogs and our heifers and good cows.

I was greatly interested in my visit to the Old Country two years ago, to see that the old conditions still existed to a large extent. Heifers still command the same premium over steers that has existed ever since I can remember. The English farmer was still confining his production of hogs to practically two classes, the shop hog and the heavy or extra heavy hogs, and was not troubling himself at all about the type of hog known in this country as a select hog, suitable for the Wiltshire bacon trade.

You do not see them Sir.

The CHAIRMAN: Even in Wiltshire?

Mr. SALES: Wiltshire is only a particular style of cut.

We must credit him with having sense enough to produce what he knows that his market requires. I contend we could materially close up these price spreads which exist in our live stock markets if we could successfully carry on a dressed meat trade.

You will note, Mr. Chairman, that all through my remarks I have not used the term "chilled meat," I have used the term "dressed meat" and intentionally so. Every time the term "chilled meat" is used everybody's mind reverts to the Argentine chilled meats, and my contention is that we are in an entirely different class from the Argentine. I would be the first to admit that if our beef is in the same class as Argentine we cannot hope to compete. May I state that my long experience in the butcher business, extending over 24 years, has proved to me that meats need to be hung or conditioned for a period of nine or ten days, and the men engaged in the higher class meat trade in the Old Country, deliberately slaughter their animals and hang them up for that period before selling to the consumer in order that the meat may be tender. It is obvious that anyone giving the matter a little thought must see that we in Canada are just in a position to give the Englishman exactly what the best class of trade demands.

I suppose it will be asked what recommendations should be made in order to put this business into effect. It is my opinion that there should be co-operation in this from the Government, the Railways, the Ocean Shipping Companies, the Packers, the Farmers' Live Stock Co-Operative Shippers Association and the farmers themselves.

As to the part that each of these bodies should perform:

First: The Government's part in this experiment should be to guarantee to the farmer who allows his cattle to enter into this trade, the same price as if he sold them on the live market, and furnish the funds to carry on the experiment. The funds for this should be taken from the consolidated revenue as being a portion of the amounts paid into this revenue from the administration of the Grain Act, which totals several hundred thousand dollars. No sound objection could be taken by any of the taxpayers in Canada to this as the money has been derived from the farmers and is being used to develop markets for the farmers. Having proved the experiment the Government should then demand that the farmers organize themselves and carry on the business similar to what has been done in respect to the Grain trade in the West.

Second: The part the Railway should play in this experiment is that they should provide refrigerator cars and ice for those cars from the point of slaughter to the vessels at the dock at ordinary commodity rates.

That an in-transit rate should be put into effect for cattle feeding purposes the same as exists in the carrying of wheat, flour, and wheat products,

known as the Milling In-transit rate, whereby the Mill has the privilege of stopping wheat in transit, grinding it into flour and carrying on the product on the through rate at the payment of one cent per hundred pounds for the stop over privilege. If such a rate as this could be brought into operation, it would be possible for Eastern feeders to purchase Western cattle at Winnipeg and bring them on to Ontario or Quebec on the through rate to Toronto or Montreal, stopping them off for the necessary time for finishing them and carrying them on for the payment of one cent per cwt. for the privilege of the stop over. It seems hard to understand why one class of export business should be favoured and another class of export business debarred from the same treatment.

Third: The part the Ocean Shippers should play in this experiment:

Contending as they do at present that the carrying of live cattle is an unprofitable business, they should be willing during the period of the experiment to provide refrigerator space and carry this dressed beef free.

The question will be asked, what about getting paid for the service after. My answer is if we can succeed in overcoming the prejudices of the Englishman against imported meat, and can succeed in raising the price to say near the home killed price that $1\frac{1}{4}$ cents or $1\frac{1}{2}$ cents per pound for transportation charges, could be easily borne.

Fourth: The part the Packers should play in carrying on this experiment is to organize or help organize the slaughtering end and the marketing end, in order to prevent the English butcher from selling this meat as English home killed meat, and to provide that Canada may get credit for what she produces it would be necessary to open up say one or two retail shops to begin with, preferably at Liverpool and Manchester in which nothing but Canadian products would be sold. Canadian beef, pork, mutton, lamb, bacon, cheese, butter and eggs. This shop to be known purely as a Canadian shop and should be well advertised as such. Representatives of the farmers should be included in the management in the carrying out of this part of the business.

Fifth: The part the farmer should play:

This brings up the point raised by Mr. McLean on page 17 of this report. He states that—"Canada, up to the present has failed to realize on her national endowments. The chief cause of her failure is that her beef cattle are not good. Canada produces large numbers of beef cattle, which are as good as any produced in the world, but taking our herds on the whole, we have to face the fact, that the average is poor, and the further fact that Canada does not make the most of the cattle she does produce. This can only lead to one conclusion that our cattle must be better bred and better fed." My opinion is that the Federal Government should join with the Provincial Governments in the beef raising provinces in an endeavour to secure concurrent legislation whereby the castration of all male animals, except those inspected and approved by should be compulsory.

In this connection let me point out that under the Live Stock Breeding Act, passed in 1923, Ireland has already taken this step in the determination to improve the quality of her cattle.

The Irish Government has taken to itself very wide and drastic powers including that every bull must be licensed and that the Minister shall not grant a license for any bull which appears to be calculated to beget defective or inferior progeny, and further that he may declare that any particular breed or breeds or any particular type or types of bull is or are unsuitable for any specified area or areas.

I am quite aware that a great deal of educational work will be required before our farmers will readily submit to such drastic regulations as these, but after mature thought on the question I feel sure that they will recognize that

a great and rapid improvement in the quality of Irish cattle is bound to be the result, and that if we fail to keep step in this connection it can only result in the failure to hold our ground in the British market.

I fully realize that the very mention of such a course as this will immediately arouse the most violent antagonism, but I feel that I would be failing in my duty to the farmers if I did not draw their attention to the steps that are being taken by one of their most formidable competitors.

Our Government has been spending vast sums of money for many years in a laudable attempt to improve the quality of our live stock, and yet it is recognized and freely admitted by the officials of the Department of Agriculture that the average of the cattle passing through our markets to-day is very much poorer than it was 25 years ago. The need for some such action is made apparent by a study of these returns.

1923	Good	Fair	Common
Steers 1,000 to 1,200 pounds..	69,256	..	24,035
Steers 700 to 1,000 pounds	53,087	..	35,266
Heifers..	66,774	33,198	30,471
Cows..	80,014	..	73,221
Bulls..	13,342	..	40,341
Stockers 450 to 800 pounds.. ..	48,944	59,984	
Feeders 800 to 1,000 pounds ..	71,667	54,345	
Canners and cutters..	..	..	40,341
Steers over 1,200 pounds..	402,084	147,527	243,685
Steers over 1,200 pounds..	62,000	..	147,527
			391,212

Of all cattle graded, percentage graded good, 54 per cent.

Here is the point: Giving them credit for the 1,200 pound steers being good, and I know they are not all good, the percentage of good cattle is only 54 per cent.

The Farmers must also realize the importance of having a regular and continuous supply of beef for this trade. The haphazard methods pursued in the past of heavy marketing at one period and nothing being available at another period cannot be continued, and they must assume responsibility for the supply.

In this connection I would like to put in the table of the sales and average prices of cattle marketed in Winnipeg during the four months, August to November, 1922.

Mr. McLean points out that in order to keep her agricultural industry sound Canadaa should produce a great surplus of cattle. This surplus must be marketed outside the limits of Canada. Our natural market is the United States but for the present we are excluded in a measure from the market. The exclusion may be temporary. If on the other hand it should be permanent then we must look to Great Britain as a market for our surplus cattle.

He says that (1) we must improve the quality of our herds, (2) we must carry on cattle finishing as well as cattle breeding. He points out that " Great Britain is a very discriminating buyer, and that she will have nothing but the best." In all this I heartily agree with him.

The great change in farming methods which is rapidly taking place especially in the West of growing pasture and fodder crops such as sweet clover, corn and sunflowers, enabling the farmer to grow large amounts of feed instead of following the practice of bare summer fallow opens up tremendous possibilities in the matter of meat production and emphasizes most strongly the urgent need at the moment for a very careful study of the whole question of marketing our live stock products.

[Mr. Thomas Sales, M.P.]

Just a word on the steamship refrigerator question. I noticed that in the Special Railway Committee slight mention was made of equipping the Canadian Government Merchant Marine with refrigerating space that might cost around $250,000. I must earnestly protest against anything of the kind being done. This service will require the fastest boats, eight day boats, not fourteen day boats, and I am informed by the Companies themselves that both the White Star and Canadian Pacific Railway fast passenger boats are already equipped with cold storage chambers, and that practically rails and hooks are the only additions that need to be made.

In conclusion let me point out that having regard for the enormous quantity of meat imported by the Old Country, 19,772,649 cwt. practically one million tons of dead meat alone for the year 1924, to say nothing of live cattle or bacon, the splendid opportunities possessed in this great Dominion of ours, that we are not justified in sitting idly by, without making a serious attempt to capture a market to which undoubtedly we are in the best position geographically of any country in the world.

The CHAIRMAN: That would be a cwt. of 112 pounds?

Mr. SALES: 112 pounds.

The essential thing is to keep up the quality of our products, a regular and continuous supply, and unless it is determined that the experiment shall be a period of considerable duration, it will be far better not to attempt it. In my opinion Canada is missing to-day a great opportunity.

Sir HENRY DRAYTON: Taking all those meats you have there, would there or would there not be any objection to their being mixed in the same refrigerator?

Mr. SALES: I really could not tell you; I do not know. I do not know whether they would mix bacon with beef or with cheese.

Sir HENRY DRAYTON: Bacon does not require refrigeration? I am talking of fresh hogs.

Mr. SALES: Oh yes, hogs, beef and mutton can all hang in one chamber.

Sir HENRY DRAYTON: You have always the usual wrappers on them?

Mr. SALES: Yes, a sort of cheesecloth.

Sir HENRY DRAYTON: Is there any reason why butter could not be carried?

Mr. SALES: I do not think it would be wise, Sir Henry; butter very readily absorbs anything.

Sir HENRY DRAYTON: You could not mix it with the three meats?

Mr. SALES: In the report of this Commission I was speaking of, the Food Council of Twelve, it is stated:—

> "Developments in the Dominions raise issues of great importance to the consumer in this country, and we are of opinion that your Majesty's Government may find it desirable to discuss with the Dominion Governments the possibility of encouraging, in the interests of the producer and consumer, the flow of food from the Dominions to the markets of this country."

I think that this particular item should be brought to the attention of the Government.

The CHAIRMAN: I wish, Sir, on behalf of the Committee and myself to thank you for your attendance and the valuable information you have furnished.

The Committee adjourned.

PARLIAMENTARY SESSION, 1925

Special Committee appointed to consider the

Resolution

to give the Government of Canada control over certain ocean rates

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Proceedings of the Committee

No. 29—Thursday, June 11, 1925

EXECUTIVE SESSION

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 268,

THURSDAY, June 11, 1925.

The Committee met at 11.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork—13.

On motion of Mr. Shaw, seconded by Hon. Mr. Stevens,

Agreed, That the salaries and expenses of Mr. Gordon W. Scott and such members of his staff as were engaged in the examination of the accounts of the steamship lines, as ordered by Resolution of this Committee under date of Friday, April 24, 1925, be paid.

The draft Report prepared by the Chairman was again under discussion.

The Committee adjourned at 1.05 o'clock p.m., to meet again at 4 o'clock p.m., this day.

The Committee reassembled at 4 o'clock p.m., the Chairman, Mr. McMaster, presiding and with the same Members attending as in the morning.

The Chairman's draft Report was further discussed.

The Committee adjourned at 6.05 o'clock p.m., to meet again at 8.30 o'clock p.m.

The Committee reassembled at 8.30 o'clock p.m., the Chairman, Mr. McMaster, presiding, and with the same Members attending as at the previous session.

The Chairman's draft report was further discussed.

The non-contentious clauses having been disposed of,

Mr. Shaw moved that all the words after the word "Your" in the first line of the introduction to the recommendations of the Committee be struck out and the following substituted therefor, "Committee are not now, under all the circumstances, prepared to recommend the approval of the contract contained in the Resolution referred to the Committee".

Hon. J. E. Sinclair moved in amendment that all the words after the word "Committee" in Mr. Shaw's motion be struck out and the following substituted therefor, "therefore, in view of the foregoing and before pronouncing themselves either favourably or unfavourably on the contract, would sum up their recommendations as follows:—"

Discussion followed.

The question being put on the amendment it was agreed to in the affirmative, on division, Yeas, 7; Nays, 4. The names being called for were taken down as follows:—

Yeas—Messrs. Sir Eugene Fiset, Johnston, McKay, Hon. J. E. McMurray, Rinfret, Hon. J. E. Sinclair, Stork—7.

Nays—Messrs. Sir Henry Drayton, Halbert, Shaw, Hon. H. H. Stevens—4.

Pair—Messrs. Black and Duff.

The question being put on the amended motion it was agreed to on the same division.

Mr. Rinfret moved the adoption of recommendations Nos. III, IV and V as amended.

Discussion followed.

The question being put it was agreed to in the affirmative, on division, Yeas 7; Nays 3. The names being called for were taken down as follows:—

Yeas—Messrs. Sir Eugene Fiset, Halbert, Johnston, McKay, Rinfret, Hon. J. E. Sinclair, Stork—7.

Nays—Messrs. Sir Henry Drayton, Shaw, Hon. H. H. Stevens—3.

Pair—Messrs. Black and Duff.

Mr. McKay moved that the Chairman be instructed to present the Report as amended to the House as the Report of the Committee, the amended Report reading as follows:—

SIXTH REPORT OF THE SPECIAL COMMITTEE APPOINTED TO CONSIDER THE RESOLUTION TO GIVE THE GOVERNMENT OF CANADA CONTROL OVER CERTAIN OCEAN RATES

The Special Committee to whom was referred the Resolution of the House of Commons of date March 20, 1925, beg leave to present the following as their

SIXTH AND FINAL REPORT

Your Committee have held forty-six meetings, have heard thirty-six witnesses and have had produced before them a large number of documents of which one hundred and two were filed as exhibits.

Mr. Gordon W. Scott, C.A., has examined and reported upon the figures supplied him by the steamship companies and has also made certain test examinations of the books of the Canadian Pacific Railway steamships. The Committee have had before them Mr. H. J. Symington, K.C., while the Conference Lines were represented by Messrs. A. W. Atwater, K.C., G. H. Montgomery, K.C., E. P. Flintoft, and C. Russell McKenzie; while Mr. H. H. Donald appeared on behalf of Sir William Petersen.

Without attempting to fully review the evidence which is produced herewith, it may be noted that the findings of the Special Committee on Agricultural Conditions, which sat during the session of 1923, to the effect that a conference or combine of steamships trading in the North Atlantic existed, and that such conference or combine fixed rates, has been amply borne out in the course of the enquiry held by your Committee.

Indeed, on the present occasion the steamship companies admitted the existence of such a rate-fixing conference, coupling their admission with the contention that the conference system was of public advantage, and that the rates charged under it were fair and reasonable to the shipper; indeed, contending that they were at this time too low to give an adequate return to the steamship owners.

Be that as it may, the following facts should be noted:—

Although fairness demands that it be admitted that operating costs of all businesses have greatly increased over pre-war levels, yet the increases which have been brought before us in the transportation costs of certain commodities show certain of these altogether out of line. Thus, although wheat and flour, constituting a preponderating proportion of the exports from Canadian ports, are now carried at rates closely approximating those which prevailed eleven or twelve years ago, although certain other rates show increases of 25 per cent, of 53 per cent, of 76 per cent, and others approximately 100 per cent, others again present increases which are startling. Thus, evaporated apples in boxes have increased 150 per cent; binders, cultivators, mowers, reapers, threshing machines 249 per cent; hardware, 262 per cent; organs, 400 per cent; while packed meats, bacons, hams, etc., show an increase of 119 per cent; butter in ordinary storage of 170 per cent; butter in refrigerators, 181 per cent; eggs in ordinary storage, 214 per cent. The real reason for such extraordinary differences between the rates charged for grain and flour and those charged for other products above mentioned appears to lie in the fact that tramp competition is an important factor in the fixation of rates by the conference in regard to such products as grain and flour, while in respect to package freight, which as a rule cannot be shipped in entire cargoes, the liners in the conference enjoy a quasi-monopoly. The main object of this quasi-monopoly is to raise the level, or prevent the fall, of rates by united and uniform action, as admitted by the conference lines themselves.

The large shipper of grain or flour may and does employ tramp steamers to take entire ship loads of these commodities from North Atlantic ports to Europe or elsewhere. The shipper, be he large or small, of leather, butter, packed meats or manufactured articles rarely has the relief which the tramp affords open to him, and therefore must pay the rates exacted by the conference lines, who, it is only fair to state, in return give to the exporter regularity of sailings and dispatch such as the tramp does not afford.

Your Committee spent a considerable part of their time in the examination of the question as to whether the rates charged by the conference lines were higher than they should be, as well as into the contention of the steamship companies that the rates at present in force and obtaining for the past two years, did not give them an adequate return on their investment. The auditor of your Committee, upon figures supplied him by the steamship companies, presented a statement showing that in the year 1923 the cargo steamers engaged in the North Atlantic trade, before charging lay-up expenses and depreciation, made a loss of $929,963; while their passenger-cargo steamers in the same year, before charging lay-up expenses and depreciation, showed an operating credit balance of almost five and one half millions dollars; while during the next year the operating credit balance on the cargo steamers, before charging lay-up expenses and depreciation, was $168,781; while in respect to the passenger-cargo steamers for that year such balance, before charging lay-up expenses and depreciation, was $2,398,524. Upon the figures submitted, and taking the two years' operations together, the earnings realized would not be sufficient to pay an adequate percentage on the capital invested, together with proper allowances for depreciation. The differences of operating expenses brought out by Mr. Scott in his report (Exhibit No. 87, beginning at page 897 of the printed evidence) were as follows:—Port charges varied from the maximum of 48.98 per cent to a minimum of 33.6 per cent of the total earnings; fuel varied from 28.7 per cent to 8.6 per cent; insurance varied from 10 per cent to 2.5 per cent; repairs varied from 9.2 per cent to 2.7 per cent; management, commission and brokerage, general expenses, etc., varied from 16.9 per cent to 6.8 per cent. These differences may be due in part to different modes of book-keeping pursued by the various conference lines, but may also be due to the presence

in the trade of ships differing so widely in cost of operation as to suggest the probability that certain of the ships either through age or otherwise may be unfitted for the trade.

Without questioning in any way the good faith of the lines, it must be remembered that Mr. Scott in arriving at his figures had to depend, to the extent of about 95 per cent, upon figures submitted to him by the lines, without an opportunity of verification, except in respect to the Canadian Pacific steamships in connection with which certain test examinations were made which were found satisfactory. It is of interest to the Government and people of Canada to know exactly why such variation should exist in the operating expenses of the various lines serving Canadian ports and further investigation is desirable, if not imperative along these lines.

In the course of the examination of Captain Hocken, Master of the ss. *Rio Dorado*, one of Sir William Petersen's corrugated ships, and in the evidence of Sir William Petersen himself, strong claims were made as to the efficiency and economy of operation of such ships. It is submitted, however, that one voyage, or rather the result of part of a voyage from Hull to Montreal and thence to Hamburg, cannot be taken as sufficient evidence on which to base a definite conclusion as to the superiority of Sir William Petersen's corrugated ships over vessels of similar size but of usual construction. Apparently expert opinion has as yet not been thoroughly satisfied as to the advantages offered by this mode of construction.

It would appear, therefore, wise to obtain further information as to the earnings of the conference lines and their cost of operation, as well as similar data concerning Sir William Petersen's ships before attempting to pass judgment upon the contract referred to this Committee. It would therefore appear advisable that a further investigation be made into the situation in order that there may be presented to the Government of Canada a true and exact representation of the situation as regards the earnings and operating expenses of the North Atlantic Shipping trade, and that such further investigation should be made as may be necessary to verify the correctness of the claims made on behalf of Sir William Petersen's ships, and for this purpose that their earnings and operating expenses be accurately determined.

Meanwhile your Committee feel that the situation demands that something should be done for the relief of shippers who find their trade seriously hampered through unreasonable ocean freight rates. To such persons it is no consolation for them to learn that the conference lines state that they are not making money and that the rates charged by them are said to be due to the desire of the steamship companies to recoup themselves for losses incurred in the carriage of other products below economical rates. High freight rates may be due to entirely different causes such as the expense of operating ships unfitted by age or conversion or otherwise for the trade, as has already been suggested. The fact that the west bound traffic offers cargoes on the whole of less than 25 per cent has, of course, a tendency to raise east bound rates.

Various commissions and committees who have looked into this subject have expressed themselves as being alive to the danger to the public interest which arises through an uncontrolled monopoly.

If the conference system is to be tolerated—and effective action to restore open competition appears only possible by the united action of all the maritime powers of the world—some means of control must be sought.

The question of how such control is to be secured is not easy of solution. The placing of unduly onerous burdense upon ships trading to Canada might drive them to other ports. The legal power of Canada to legislate

in respect to ships other than of Canadian registry is at best doubtful. It is to be remembered, however, that the foreign trade of Canada is of large actual, and of very great relative importance. Few nations have greater interest than ourselves in the obtaining of fair and reasonable rates for ocean carriage of our products to the markets of the world. The growth of our country in no small measure depends on our success in this direction and few other than ourselves are more interested in this growth than the steamship companies who now trade to our Canadian ports.

Your Committee, therefore, in view of the foregoing and before pronouncing themselves either favourably or unfavourably on the contract would sum up their recommendations as follows:—

I. That the examinations into the books of the Conference Lines by Mr. Gordon W. Scott, C.A., be continued in Britain and elsewhere in order to determine whether the rates now charged are excessive, to explain discrepancies in operating costs, to verify the figures submitted and in short to prepare an accurate representation of the North Atlantic shipping situation, the Conference Lines having declared their willingness to submit to such examination.

II. That he also be instructed to make like examinations into the books kept by or in connection with the ships of Sir William Petersen who has declared a like willingness, and that he should report his conclusions to the Government on both phases of his enquiry.

III. That Sir William Peterson should be given an opportunity, if he so desires, of substantiating the claims made by him in respect to his ships.

IV. That to this end tests should be made of the actual performance of these ships in the North Atlantic Canadian trade under careful and expert supervision both of the earnings, operating costs, managerial expenses and performance at sea and in port of such ships.

V. Inasmuch as it is in the public interest that these tests should be made, and that they should be effective and fair to all parties, Sir William Petersen should be given the opportunity to demonstrate the economies of his ships under conditions which will ensure freedom of competition in the obtaining of cargo.

VI. That all members of the North Atlantic or other conferences trading to Canadian ports be required to file with the Board of Railway Commissioners all conference agreements, freight rate schedules, and such other information as may be desired, and that the Board be constituted a tribunal for the hearing of complaints, and the recommendation of maximum rates.

It is to be noted that publicity is in itself a strong remedial instrument for the correction of injustice and unfairness. Great transportation companies, strenuously competing in respect to service for Canadian overseas trade, cannot afford to flout Canadian public opinion. It cannot be doubted that a great institution almost national in character, such as the Canadian Pacific Railway, should and it is believed would loyally comply with the recommendations of the Board of Railway Commissioners. Such action, coupled with similar action by the Canadian Government Merchant Marine would almost inevitably force the other lines trading to Canadian ports also to comply, and thus a reasonable effective measure of control might be looked for with some considerable degree of confidence.

VII. In order to ensure harmony in the control of shipping throughout the British Empire and that Canadian autonomy in all matters pertaining to shipping within the territorial waters of Canada be preserved beyond peradventure your Committee beg to recommend that the alleged conflict between the Merchants Shipping Act and the British North America Act shall be the subject of conference between the Canadian Government and the British Government at an early date.

VIII. It appeared in the course of your Committee's investigation that a ship-owner desiring to obtain British registry for his ship need only present a Lloyd's certificate in order to establish the seaworthiness of his vessel, but that if he desires to obtain Canadian registry the ships must undergo an examination or survey by the Canadian Government as well as that conducted by Lloyd's or some similar institution. Thus a very substantial and altogether unnecessary expense is placed upon the ship-owner desiring to obtain Canadian registry for his vessel and your Committee recommend that the Canadian regulations should be amended to remove this disadvantage.

IX. It would also appear that co-operative action among shippers to retain space would effect a substantial reduction in freight rates. This is exemplified in respect to cold storage for butter. The Conference Lines who charge almost as much to carry butter from Montreal to Liverpool as they do from New Zealand to Liverpool complain that their refrigerator space is made full use of for only a comparatively short part of the season, and that were they assured of adequate demands for their space, they could substantially cut the rate. It would appear that co-operation between shippers who could take firm a large portion of the refrigerated space offered, would obviate the difficulty in which the lines find themselves, and should greatly inure to the benefit of both parties. This solution would appear to be open to the produce exporters of this country, were the necessary faith in each other essential to successful co-operation present.

X. Your Committee further recommend that the Order of Reference, Reports, Proceedings and the Evidence given before the Committee, together with a suitable index to be prepared by the Clerk of the Committee, be printed as an appendix to the Journals of the House of the present session and that 750 copies in the English language and 250 copies in the French language be printed in blue book form for distribution.

Your Committee submit herewith for the information of the House a copy of their Proceedings, the evidence given before the Committee and also certain documents filed with the Committee.

All of which is respectfully submitted.

ANDREW R. McMASTER,
Chairman.

The question being put it was agreed to in the affirmative on division.

The Committee adjourned at 10.35 o'clock, p.m., sine die.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

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